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HOUSE OF COMMONS DEBATES

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QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954

HOUSE OF COMMONS

Friday, May 7, 1954

The house met at 2.30 p.m.

HOUSE OF COMMONS

CONGRATULATIONS TO LEADER OF OPPOSITION ON ANNIVERSARY OF BIRTHDAY

Mr. Speaker: I am sure that all hon. members will want me to wish the Leader of the Opposition (Mr. Drew) a happy birthday and many happy returns.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, may I be allowed to say, on behalf of all those who sit on this side of the house, that the sentiments you have expressed are those of each and every one of us. We frequently have exchanges and even clashes of ideas on all that concerns the public service of the country, but I am sure that those are always the result of the honest endeavour of each and every one of us to discharge to the best of his ability the responsibilities placed upon him by his fellow citizens. I think those clashes strengthen rather than lessen our respect for each other and our rejoicing on an occasion like this in the opportunity to express good wishes to each other. I can assure the hon. gentleman that those I express for the members who sit in this house are sincere. We wish him a long and happy life and many more years of public service to his fellow citizens.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this was an occasion when I hoped the Prime Minister (Mr. St. Laurent) would express congratulations not only from those who sit on his side of the house but from all of us all over the house. We join heartily in the sentiments he has expressed.

Mr. Solon E. Low (Peace River): Mr. Speaker, I do not look forward to birthdays coming to me, but I look forward to their coming to other people, not just because I want them to grow old so that we can vanquish them but rather because it gives us an opportunity to express to them our good will, as the Prime Minister (Mr. St. Laurent) did this afternoon. On behalf of the group I represent I want to join with him in the expression of good will. We want the Leader of the Opposition (Mr. Drew) to know that we should like to see him enjoy a good many more birthdays and useful years of living.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, first of all may I express to you my appreciation of the kind good wishes that you have extended. May I say that they come with particular significance in view of the fact that it is so short a time ago that you yourself were receiving similar compliments, although not in relation to the same figures connected with the day. May I say that I am deeply grateful for and deeply moved by the words of the Prime Minister (Mr. St. Laurent) and of the leaders of the other parties in the house who have expressed their good wishes today.

I think it is a wonderful thing that here in this house, where we have real differences of opinion, the Prime Minister could put into words the thoughts that I know most of us would wish to share at all times, namely that out of the vigorous exchange of ideas there grows an increasing respect for the sincerity behind the different points of view that are expressed. There is always something a little bit, shall I say, forbidding about it when you see these years in increasing numbers being marked up on the board. However, I am always encouraged by the recollection of a birthday party that was given to Sir William Mulock in Toronto on his 90th birthday. I still remember the thrill with which, as a much younger man, I heard Sir William on that occasion, with straight back and high head, assure his audience that he was still looking forward to the hills of enchantment ahead of him; and he in fact went forward for many happy years. Perhaps it is too much to follow the words of Shakespeare and to suggest that "this day shall change all . . . quarrels into love"; nevertheless I express my appreciation of the generous and, I know, sincere good wishes extended by the Prime Minister and those who have joined him on this occasion.

TRADE MARKS ACT

COMING INTO FORCE—NEW TRADE MARKS RULES

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, in view of the interest which has been expressed in the house on one or two occasions, and particularly on April 26 last by the hon. member for Rosetown-Biggar (Mr. Coldwell), I am tabling a copy of the

order in council, approved yesterday, authorizing the issue of a proclamation to bring the Trade Marks Act into force on July 1, 1954.

I am also tabling another order in council revoking the trade mark registration regulations now in force, and substituting therefor the trade marks rules, with effect on July 1, 1954. A copy of the new rules is annexed to this order in council.

TRADE

REPRESENTATIONS TO UNITED STATES GOVERNMENT ON PROPOSED TARIFF CHANGES

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to direct a question to the Prime Minister in the absence of the Secretary of State for External Affairs. In presenting the question I do so without having given notice to the Prime Minister because it is based upon a telegram I have received regarding the effect of the subject matter of the question. Have representations been made to the government of the United States with respect to the possible effect of the tariff changes that were announced as likely to take place in connection with fish, zinc and lead, having particular regard to the effect that would have not only on the metals that are being exported but on our fishing industry in Newfoundland and the Atlantic provinces?

Right Hon. L. S. St. Laurent (Prime Minister): I am quite sure there have been conversations, but I will take the question as a notice and have an investigation made to be in a position to say exactly what was done in that respect.

POTATOES

REGULATIONS RESPECTING IMPORTS FROM UNITED STATES

On the orders of the day:

Mr. James A. McBain (Elgin): I should like to direct a question to the Minister of Agriculture. I wonder whether the minister is aware that imported new potatoes are now being served in the parliamentary restaurant. If so, will the minister explain the import regulations on these new potatoes in view of the surplus of potatoes now on hand in Canada?

Right Hon. J. G. Gardiner (Minister of Agriculture): Well, Mr. Speaker, I think I obtained some new potatoes in the parliamentary restaurant so I presume there are some being served there. The arrangement between this country and the United States in connection with this matter is that seasonal duties are imposed on different vegetables, including potatoes, that apply from one date to another. In the case of potatoes a higher duty is applied from June 15 to July 31. In other words a higher duty is imposed when our new potatoes come on the market. At other times the duties are lower, so that American potatoes do come in at this time of the year.

I would suggest it is not a bad thing either from the American point of view or from ours. At least, it has not been considered to be during the twenty-four or twenty-five years that these seasonal duties have been in force. Their potatoes and vegetables of different kinds come in fresh to this market at a time when we do not have them to put on the market. Then at a later date, when our products come on the market, there is a higher rate of duty on the United States products which tends to prevent them coming into this country during the period of time that our own products are being marketed. Therefore I have no doubt that we are eating American new potatoes at present, but I am sure there would be a great outcry from the housewives of Canada if they were compelled to prepare for their tables only old potatoes of last year.

STATEMENT AS TO DISPOSAL OF 1953 CROP

On the orders of the day:

Mr. A. W. Stuart (Charlotte): I should also like to direct a question to the Minister of Agriculture. Can he give the house any figures with respect to carload shipments of potatoes from the maritime provinces and other parts of Canada to the United States since last season?

Right Hon. J. G. Gardiner (Minister of Agriculture): I do not know that I can give figures to indicate the carload shipments of potatoes. Yesterday the hon. member for Victoria-Carleton asked me a question and I had some information prepared which I might read to the house. I do not know that I should read all of it, because there is quite a bit; but there will be copies available for any member who desires to have one.

The general summary of the statement is as follows: Based on April 1 figures of storage stocks of potatoes in Canada, it would appear that if sales remain at about the same level as in 1953 there will be a market for most of the potatoes remaining in eastern Canada. The stocks less 1953 marketings from the maritimes, less seed for use in spring seeding probably on a reduced acreage, less expected shrink, will leave few, if any, 1953 potatoes in eastern Canada by June 30.

Part of the problem at the present time is pressure by producers on the buyers to

accept deliveries immediately when the marketing should be spread out from now till June 30. The boards in Prince Edward Island and New Brunswick have set up policies to provide for the orderly marketing of potatoes throughout the remainder of the season. In New Brunswick producer allocation is being carried out. No doubt there will be considerable complaint since each producer will consider that his potatoes should have top priority, but the government considers this is a matter to be worked out by the boards concerned in their respective provinces and does not propose to interfere.

The meaning of that is that the boards that have been set up are, we think, marketing the potatoes in a reasonable way. While this statement does not include the exact figures asked for, it does include the results, namely, that there are not any more potatoes being offered from the two provinces of Prince Edward Island and New Brunswick this year than were offered last year, and if sales this year down to the 30th of June are as good as they were last year the potatoes will be pretty well marketed.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF FISHERIES

General services—

129. Departmental administration, $315,090.

The Chairman: Hon. members will find the vote on page 21 of the blue book and the details on page 187.

Mr. Pearkes: Would the minister care to make a statement?

Hon. James Sinclair (Minister of Fisheries): I could make a statement now or speak on each item. If hon. members would rather have a short summary of what has happened in the last year, perhaps we could go on from there.

Mr. Pearkes: I think it would be helpful if the minister would make a statement.

Mr. Sinclair: Perhaps I should start off, for the benefit of the new members, by just touching briefly on the division of jurisdiction between the federal Department of Fisheries and the provincial departments of fisheries because there is some doubt in some members' minds about that point. Under our constitution the federal government has complete jurisdiction over fisheries, but over the years we have worked out with the provinces what is a very satisfactory arrangement under which they usually administer sport fisheries, which are of course of primary value to them in recreation and the tourist trade, and we handle the commercial fisheries, especially those of the two coasts. The federal government passes all regulations concerning fisheries, even for the sport fisheries of the provinces, and of course do the research work, and the inspection of fish for interprovincial trade or for export.

Last year, when our estimates were before the house, our principal concern was about markets because the market for fish was quite depressed which, of course, reacted through to the industry and to the fishermen. Here in Canada we are on the front doorstep of two of the greatest fisheries in the world. We produce a great deal more than we consume, so actually between 75 per cent and 85 per cent of our fish is exported. We are, therefore, very vulnerable so far as changes in price or changes in export trade are concerned.

Last year we had a carryover of about one million cases of salmon on the west coast. Salmon is our most valuable fishery. Last year it netted the fishing industry about $47 million. Over and above that carryover, we had a prospect for a very large pack of salmon from the incoming runs.

Mr. Macdonnell: What percentage would it be?

Mr. Sinclair: It is about one-third of the total value of the fisheries of Canada, that is the west coast salmon.

You will recall that we had a very difficult situation in the maritimes in connection with the sale of filleted fish, which is their great export, to our best market the United States because there was a great influx of fish from Europe. There was a boundary dispute between Britain and Iceland and as a consequence a great deal of European fish had been diverted to the United States. This was one of the causes of the tariff hearing mentioned earlier by the Leader of the Opposition (Mr. Drew). Of course, this had a bad effect on our exports of fillets.

Newfoundland, where the principal product has been dry salt cod, experienced great difficulty in its traditional markets. Even those markets in which we could compete in price were blocked to us as a result of currency and other difficulties. As a consequence of these circumstances, this time last year the whole fishing industry was in a quite depressed condition.

I am very happy to report today that there has been a great improvement since last year. So far as salmon on the west coast is concerned, we have cleared off this million case carryover. We had as well the record pack we expected, but today there is no surplus salmon in British Columbia. We have

been able to get back into the British market in a substantial way mainly, as I told the house earlier this session, through the efforts of the fishing industry on the west coast. They stepped up their purchases of British equipment to enable the British to earn the dollars to buy more salmon.

As a result of the activities of the Minister of Finance at the commonwealth conference at Sydney last fall, we are back into both the Australian market for $500,000 worth of fish this year and the New Zealand market for $600,000 worth of fish this year. We have heard that there is likelihood of another commonwealth country opening its doors again to the product their people want, British Columbia salmon. We have had increased European sales in some of our markets there such as Belgium, France and Italy. We have had increased sales in the markets of the United States. Generally, they depend on their own salmon out of Puget sound and Alaska. There has been quite a decline in the Alaska fishery, and because of that we have had the largest sales in recent years to the United States. Above all things, we are proudest of the great increase in salmon sales here in Canada as a result of an aggressive merchandising campaign by the industry, helped by the lower price of salmon. This year we have sold nearly one million cases of salmon in Canada, and that is about twice our pre-war sales in Canada.

So far as salt cod is concerned, it is another one of our major fishery products. There has been quite a change there, too. Salt cod is produced in Newfoundland and sold in export trade. It is produced in Nova Scotia substantially, and to a lesser extent on the Gaspe coast, in Saguenay and New Brunswick. The largest single block of salt cod on the markets of the world comes out of Newfoundland. Under the commission form of government, a single selling agency had been set up. There was a good reason for that, because almost all the countries to whom Newfoundland sold had single buying agencies. The agency was called the Newfoundland Associated Fish Exporters Limited, and down there it is known by its initials, NAFEL.

When Newfoundland entered confederation one of the terms of confederation was that NAFEL be continued as a single selling agency for five years. When I became minister some changes were made in NAFEL. For the first time we put representatives of fishermen on the consultative committee. When Newfoundland was a separate country the Newfoundland fisheries board controlled export to Canada through NAFEL, but when Newfoundland came into confederation that was a barrier to interprovincial trade to have a single selling agency controlling sales to other provinces. We had that changed a little last year in that we allowed mainland firms to go into Newfoundland and buy wet fish directly from the fishermen at competitive prices.

We were able also for the first time to have the industry offer the fishermen firm prices. It is a practice on the west coast, of course, where the fishermen will not go to sea unless they know what price to expect for their fish. In Newfoundland we tried to model policy rather after the policy used on the prairies to sell wheat, by having the trade give the fishermen an initial payment of what we could reasonably expect would be about 80 per cent of the final sale price, and then a share in what was realized beyond that. This was quite an innovation in Newfoundland and it took some explanation. Some fishermen still are not convinced it is a good thing to do. Fortunately, it has worked out quite well. This week the fishermen and the industry are discussing opening firm prices for the coming year. This policy has brought a stability to the industry that it had not known before.

On April 1 of this year the condition in the terms of union that export marketing of salted fish should continue under the joint supervision of the federal and provincial governments for five years came to an end. From that date forward the federal government has the sole responsibility for the export of fish from Newfoundland. Because of this situation, it was no longer right that I, as Minister of Fisheries, should be in the position of controlling export trade. The management of salt fish export, therefore, has been turned over to my colleague the Minister of Trade and Commerce, who will handle the export of fish just as he handles all other export trade of Canada.

During the year we were able to strengthen the market for salt cod by two gifts of salt fish, bought by the government at commercial prices to two markets that have always asked for salt cod, Korea and Greece. The earthquake in Greece caused great suffering there, and the Greek government asked us to help with food. The food they wanted was salt cod. In the rehabilitation of Korea food was requested from this country, and all told we have supplied these two countries with $950,000 worth of salt cod purchased at commercial prices through the usual trade outlets in Newfoundland, the maritimes and Quebec.

As a result of the success of our trade commission on salmon to Britain last year, members from the maritimes asked me whether or not a similar commission should not go

to the traditional markets for salt cod, the Mediterranean, Portugal, Spain, Italy and Greece. My colleague, the Minister of Trade and Commerce, saw value in this suggestion. A group of our trade experts are now in Portugal and Spain attempting to negotiate a treaty. Next week, my colleague the Minister of Public Works will go with my deputy minister and a trade official to those countries to negotiate trade agreements that will, we hope, expand our markets for salt cod. The Minister of Public Works is not going as Minister of Public Works. He is going as the son of the skipper of a Lunenburg banker, and a man who has lived in a fishing town all his life. He is a man who can certainly speak well and understandably about the problems of the maritime fisheries.

One of the things we are now pressing in Newfoundland is the improvement in quality of salt cod. Up until now the processing of the salt cod has been largely in the hands of individual fishermen. In our Newfoundland development program we are trying to stress improved processing, packaging and quality. We have two pilot plants down there that are engaged in artificial drying instead of sun drying, and better methods of curing and packaging. We hope this will result in a more attractive product, which in turn will mean a better return to the fishermen.

Now the maritime provinces, of course, have export trade in products in addition to lobsters, which there is very little difficulty in marketing. The market for cod fillets and haddock has developed over recent years. The housewife demands that the food she uses be put up in as presentable a fashion as possible, and in a manner so that it is easily used. The old sale of round fish maybe is going out, and the consumer can now get fish without the head or tail and without the skin on, in filleted form. The market for fillets has substantially strengthened over the last year, and the fishing industry is in a better position than it was a year ago. I think perhaps the best evidence of that is contained in a weekly bulletin we issue to the fisheries trade of Canada on the prices of all the principal species of fish found on both coasts. We have this information for the current week, the previous week and for the corresponding week a year ago. I feel that hon. members would find it interesting and, if I have the permission of the committee, Mr. Chairman, I should like to ask that it be incorporated at this time in *Hansard*, so that hon. members may see for themselves the steady improvement that has taken place in the price of fish to fishermen in the last year.

The Chairman: Has the minister leave to place this information on *Hansard*?

Some hon. Members: Agreed.

Mr. Sinclair: The information is as follows:

DEPARTMENT OF FISHERIES

MID-WEEK PRICES RECEIVED BY FISHERMEN—1954

ATLANTIC COAST	Current week to May 1st	Previous Week to April 24th	Corresponding week last year to May 2nd
	(cents per pound)		
COD (Market)—			
Halifax (offshore price)	3¼ — 3½	3¼ — 3½	3
St. John's, Nfld	2¼	2¼	2
HADDOCK (Large)—			
Yarmouth	5¼	5¾	4½
Halifax (offshore price)	5	5	5
Ramea, Nfld	3¼	3¼	3½
ROSEFISH—			
Louisbourg (offshore price)	2 — 3	2 — 3	2 — 2½
Halifax (offshore price)	2½ — 2¾	2½ — 2¾	2
Ramea, Nfld	2	2	2¼
PLAICE—			
Halifax (offshore price)	3 — 3¾	3 — 3¾	2½
St. John's, Nfld	2½	2½	2½
SARDINES-HERRING—			
Black's Harbour	2½	2½	2
LOBSTERS (Market)—			
Yarmouth	45	60	55
SCALLOPS—			
Digby	26 — 28	26 — 28	35

DEPARTMENT OF FISHERIES

MID-WEEK PRICES RECEIVED BY FISHERMEN—1954

PACIFIC COAST	Current week to May 1st	Previous Week to April 24th	Corresponding week last year to May 2nd
	(cents per pound)		
SALMON—			
(Redspring)			
Vancouver (dressed)	30 — 35	—	30
Prince Rupert (dressed)	25 — 40	25 — 40	25
New Westminster (round)	30	30	25
(Whitespring)			
Vancouver (dressed)	25	—	25
Prince Rupert (dressed)	20 — 35	20 — 35	20
New Westminster (round)	25	25	18
(Steelhead)			
New Westminster (round)	22	22	18
HERRING (fresh)—			
Vancouver	10	—	6 — 8
SOLES (for freezing or fresh)—			
Vancouver	7 — 9	7	6 — 8
Prince Rupert (Lemon and Rock)	3½	3½	3½
New Westminster	7	7	9
LING COD—			
Vancouver	5½ — 12	12	8 — 9
Prince Rupert	4	4	4
New Westminster	11	11	9
GRAY COD—			
Vancouver (dressed, head on)	5	5	3 — 5
Prince Rupert (dressed, head on)	2	2	2
New Westminster	5	5	5
FLOUNDERS—			
Prince Rupert	2	2	2

There is one more new development in the fishing industry which most certainly has captured the imagination of the industry in this country, and even to a greater extent the imagination of the industry in the United States. Last week I attended the meeting of the National Fisheries Institute, which held its annual meeting in Cleveland. That is a meeting of the entire fisheries industry, including fishermen, fish processors, fish distributors and fish retailers of America. The head of the largest frozen food corporation in the United States, in opening the forum concerning this new development, said that it was the greatest revolution in the industry since the process of the quick freezing of food was first developed. I am referring to the development of fish sticks. One of our Newfoundland processors was among the first in the business. One of the difficulties in connection with other forms of fish has been overcome. Housewives have found difficulty in cooking fish of different sizes and thicknesses; and the trade, which includes hotels, restaurants, schools and the like, which buy fish in large quantities, have always found difficulty in controlling the amount of servings.

Two or three years ago one of the American firms discovered a solution by developing a method to freeze small portions of fish in a solid block, which stays solid when thawed. One of the Newfoundland processors—one of the most imaginative processors in Canada—saw a great market for that in disposing of the small cod of Newfoundland. It is a tasty fish, but it is too small for salting and drying, because nothing much is apt to be left but skin and bones. These small fillets were difficult to market; but they are available in great abundance, and they are cheap.

Under this new process, producers fillet fish mechanically with a filleting machine. Then these small fillets are washed in the

solution and placed on trays about one yard square and one inch thick, and quick frozen. Then they are shipped in blocks to markets in Montreal, Detroit, Cleveland and New York, where the process is completed.

This is also an entirely mechanical process. These blocks of solid frozen fish go through saws which saw them into strips an inch wide. Then the slab is turned and they are sawn at right angles, ending up in sticks of fish four inch long and an inch square weighing about an ounce and a half. These are quickly dipped in batter and then breaded. Then one of two things happens. Either they are immediately cooked and refrozen, or they are frozen with the batter on them uncooked. Then the housewife has—or the institution, if they are being used by institutions—one solid piece of fish. There is no waste to it. It is of superb quality, because its quality has been controlled all the way through. If it is pre-cooked, she just puts it in the oven for a few moments. If it is quick-frozen she can fry or deep-fry it, broil it or bake it, in six or seven minutes. This is of great advantage for institutional use also. A restaurant which wishes to serve fresh fish need only have a supply of this in a freezer. It can be served very quickly, in uniform amounts, with absolutely no waste.

Just to show what has happened in connection with this revolution in the fishing industry, last year in the United States six million pounds of these fish sticks were sold. This year the average has been a million pounds a week, and last week in the United States 1,700,000 pounds of these fish sticks were sold. Our Newfoundland processor, who has his own finishing plant in Cleveland, finds difficulty in maintaining a supply on hand.

One of the most interesting facts in connection with this development has been that this increase in fish sales has not been at the expense of other fish sales. We have moved into our traditional competitive fields—the fields held by the farmers—where we are in competition with pork, poultry, eggs and other dairy products.

Mr. Coldwell: What happens to the fish that is sliced off?

Mr. Sinclair: I am glad you asked that.

Mr. Coldwell: Does it go to waste?

Mr. Sinclair: No—and that is a most interesting thing. Under the old state of affairs, especially in connection with small round fish such as perch, rosefish, small cod and the like, they were sold whole to the housewife. She gutted and cleaned them, and the fish heads, tails, and intestines were thrown away. But under this fish filleting plan the situation is different. It will be understood that some meat is left along the bone, and then of course there is the head and the tail. These are taken immediately to another part of the plant, the fish-meal plant, which produces one of the most important ingredients in cattle and poultry food. There has been great demand for this product in recent years. In this new process we save both the residue of the fish and the fish. So the entire fish is used in the process of making fish sticks. It is very economical in that you are no longer shipping to distant markets heads, tails and intestines which have no value to the consumer. They now go through the plant, come out as fish-meal, and command a good price.

So we get full value out of the fish, fish-meal for the farmer and a more economical food product which has great appeal to the housewife. Our sales in Canada are not yet as great as those in the United States, but they are developing. These new fish sticks are now available in Montreal, Toronto, Ottawa and other areas.

The next point about which I wish to speak is our own domestic market. Fish, of course, is a highly perishable product. Therefore the best market for fish is the market closest to the supply of fish. Our own Canadian market should be our target. I am happy to report that the per capita consumption of fish in Canada is steadily increasing. One of the important factors in that is better inspection by the department so as to ensure a high quality in the fish sold. We are increasing our inspection staff, not only in respect of the actual fish but, more important, for the plants in which the fish are processed. I feel that part of the reason for increased sales of processed, canned, smoked, and cured fish, and fresh fish as well as frozen fish in Canada, has been the steady improvement in quality.

And while I am on my feet I should like, as Minister of Fisheries, to pay a tribute to the new chef in the parliamentary restaurant. Those of you who use the restaurant may have noticed that there has been quite a change in both the quality and the preparation of the fish, with the result that there has been a great increase in the consumption of fish in our restaurant.

Mr. McIvor: Brain food.

Mr. Sinclair: I now leave marketing and wish to refer to the factor which is most important, as far as the end result is concerned, from the standpoint of the Department of Fisheries, the conservation, protection and development of fisheries in Canada. The basis

of conservation, protection and development is, of course, knowledge—knowledge as found by scientific research. We have here in our department the fisheries research board of Canada. It is not run as an agency of the department, or staffed with departmental men. We have tried to incorporate in it all those groups who are interested in fisheries in Canada.

On the board the fishing industry is represented. The universities of Canada are also represented, because after all they are the source of most of our research in Canada. Our departmental officers are on the board because they have the job, in the end, of carrying out the regulations. We have advisory representation from the great international commissions which help us conserve our deep-sea fisheries on both coasts.

Last year we made a change in the board. Formerly the chairman had been elected from among these members, who were not full-time members. We have felt however that the work of the board was so important that it deserved a full-time chairman. I am happy to say that we were able to secure the services of one of the outstanding men, if not the outstanding man, in connection with fisheries research in North America. I refer to Dr. J. L. Kask. He is a graduate of the University of British Columbia. He was in the same year as I was actually, out there, but he went on to work with the international halibut commission, the international salmon commission and the international tuna commission, then to the fish and wildlife survey of the United States federal government. He is now heading our research board as permanent chairman.

Our research falls into two parts, the biological part and the technological part. The division is as to whether the fish is living or dead. Our biologists try to learn as much as they can about the movements, the habits, the breeding habits and the life cycle of the fish in the sea. Then our technicians take over from the moment the fish is landed on the deck of the fishing vessel. Their job is to advise industry as to how best to keep that fish in as fresh shape as it is there, on to the housewife's table. Fisheries research is a very difficult field. I do not suppose there are many fields of science where research is more difficult. There is certainly no comparison between fisheries research and agricultural research. At our experimental farm our farm scientists have the crops in the field under their control completely. In the barns they have their livestock. They can feed and cross-breed at will. Our fisheries scientist is very different. He is trying to study fish which move in with the seas and move away, how they feed, why they come, what is the relation between their movement and the time of the year, the temperature of the water, the salinity of the water. These are things which can be learned only by the most patient biological research.

In the other part, the technical part, we are dealing with organic chemistry. The many sorts of fish we produce in this country are very difficult to study; the main problem, of course, is spoilage, why fish deteriorates. All living animals at death begin to disintegrate. This is a still more difficult field of study, but we try to guide our research as best we can to industry. That is why on our research board we have leaders from the fishing industry of Canada.

There is another basic problem in research. Last week in Cleveland I heard an excellent speech from the president of the United States fisheries institute on the need for research. He quoted the famous Kettering of General Motors, who had pioneered the great research program of that corporation, in which he said that research ought never to be tied down to specific projects; it should be to hunt for general knowledge over the whole field of learning, because out of that general knowledge often came discoveries which had never been suspected, with practical results. I am afraid our fishery research program is not seeking general knowledge quite in that way. We have so many immediate fisheries problems, that we are trying to direct our research pretty well along lines which we think will bring immediate results to the fishing industry. That is why I want to speak with a little detail on some comments which have been made in this house recently about our fisheries research program.

On the other side, the technological side, our scientists are concerned primarily with fish spoilage. They are concerned, too, with the developments in processing, better ways of freezing, glazing and curing, drying, salting and canning. Our inspection service is on top of this work at all times. The fishermen in the small communities cannot be expected to do that work for themselves; but they have been extraordinarily co-operative with our biological research stations and our experimental stations in this work. A lot of this work is done also in our universities. That is why we are happy to have the university representatives on our research board. They have good facilities for research, they also have the eager young students doing research work, who are very happy to have their research theses tied in with major industry here in Canada, and have their works published in the journals of the fisheries research board.

One other very important thing in research is international co-operation in this field. It is such a big field that it would be very foolish for every one of the fisheries nations of the world to be running their own independent show. That is why there is, happily, a very free exchange of work, of reports of scientific studies under way in the laboratories in the other great fishing nations of the world, Britain, France, Denmark, Norway and Japan, to mention some of them.

That is another reason why we must publish, in very limited form, of course, the current work of our scientists, so that scientists in other lands will know what we are doing. We send it to them and they send us their current proceedings, so we avoid duplicating their work. It is a real measure of economy, avoiding waste by duplication of effort just through limited publication of our current investigations.

Hon. members know why I am mentioning all this. Earlier this session the hon. member for Notre Dame de Grace—I am sorry he is not in his seat at the moment—and the hon. member for Moose Jaw, who I hope is in his seat—he is out temporarily—drew attention to some of the publications issued by our research board. The hon. member for Notre Dame de Grace went through a long list of scientific publications published over the last thirty years by our fisheries research board to draw attention to a few titles which he thought were indicative of scandalous waste of energy and money. I find this very difficult to understand, because in his speech on the budget two or three days ago he dealt for some time on the sort of concessions he wants the government to make for research in manufacturing lines. Both these hon. members could very easily have telephoned our research board, when they saw these titles which excited their curiosity, and found out why those publications were made. That was too easy, and of course they would not have got the publicity they wanted if they had done that.

I cannot describe the work of our research board better than by taking the list of publications the hon. member for Notre Dame de Grace put on record in *Hansard* to show the type of work we are doing and why we are doing it. The first two publications he singled out were on the technical side. I suppose it was the titles that interested him. I said that organic chemistry is a very difficult thing. The title of the first one is: "The Effect of pH on the Enzymatic Reduction of Trimethylamine oxide". It consists of one page. The second one is: "Bacteriostatic Action of Hydroxylamine". In our labs in Halifax we are continually trying to find some wash which will kill bacteria or, if not kill the bacteria, retard the bacterial growth which immediately starts in any organism the minute it has died. We have done a great deal of work in that field for the fishing industry. One of the things that has been successfully developed is a very mild wash used on the lobster before canning which keeps the lobster meat from discolouring in the can. This is a very important development as far as the trade is concerned. The two studies mentioned are in this class. These studies were the effect of slight acidity in a chemical which was commonly used for this purpose. They are very technical. But the industry understands them and why they were done. The cost of each one when published, just to show how expensive they are, was five cents. One was published in 1945 at the Pacific research station and one in 1949 at the Atlantic station. Circulation is limited to the scientific institutions who give us documents and to our universities, and there is a small number left over for independent scientists. Thirty-two of the first one are left, and at five cents a copy that amounts to $1.60. Twenty copies of the second are left, and at five cents a copy that amounts to $2 or a total of $3.60.

No matter what the hon. member for Notre Dame de Grace thinks the important thing is that the fish filleting industry in the maritime provinces thinks this work is important. They are the people who urge me to have more and more money spent on this very valuable type of technical research.

Of course, the next one is much better, "The Moon, and when to eat Mussels". Obviously this is silly to the hon. member. Well, mussels are a very important shellfish. In Europe there is a great market for mussels. Here we are so rich in shellfish that there is not so much of a market for mussels. But many people do eat mussels.

An hon. Member: Hear, hear.

Mr. Sinclair: I hear, "hear, hear" from New Brunswick. There was however a myth about mussels, that there is a time in the month when they are poisonous. We told one of our scientists to turn out this little short paper on mussels. If the hon. member for Notre Dame de Grace had read it he would have understood why it was published. Mussels spawn at full moon. Therefore the time to eat them is a week or so before a full moon, not when they are spawning, and certainly not a week after they have spawned, at which time they are spent. It also points out that mussels are only toxic when they are in a toxic area. These all

cost five cents and we have 91 copies left which means that we have a $4.55 stock of this bulletin to inform the people of the maritime provinces of the truth about mussels.

Mr. Stick: Ruining the country!

Mr. Sinclair: The next title is "Ling cod". If the hon. member for Notre Dame de Grace had been a westerner he would have known that the ling cod is the second most important kind of ground fish on the west coast, as the hon. member for Esquimalt-Saanich knows, second only to halibut. In the interests of our fishermen and our industry as a whole we had to gather together into a single pamphlet the work of our scientists on ling cod, particularly as regards their feeding and breeding habits, their movements, and the type of gear used to catch them, together with investigations into the type of processing required and whether they should be killed immediately or put into tanks for transportation to the markets. All that information is incorporated in this bulletin, at a cost of 25 cents. There was a great demand for this publication. We issued many copies but we now have sixteen left which at a cost of 25 cents amounts to $4.

Now an even better title of course for the hon. member's purpose is "On Themisto Libellula in Baffin Island Coastal Waters" at 20 cents a copy. We have 24 copies left which makes a total of $4.80. This study was actually made by McGill University at the request of the Arctic Institute, and was published by our board. Again, if the hon. member had read this pamphlet he would have easily found out why it was done and why the Arctic Institute thought it important enough to ask McGill University to carry out this work. The key sentence is:

> There is no doubt that in the eastern arctic of Canada this is one of the most important organisms in any habitat, terrestrial or aquatic.

Fishermen have described this as the grass of the arctic. It is a small plankton, a tiny little shrimp, on which the different fish feed. The Eskimos and residents of that area feed on the fish. They depend very heavily for their existence on the fish population. When this plankton disappears then the fish population also disappears as of course it is their primary food upon which they must depend. The Arctic Institute therefore asked that this study be made and McGill University carried out the study and we published this little pamphlet at what the hon. member feels is a scandalous waste of public funds. As I have said, we now have 24 copies left at 20 cents each.

Mr. Hodgson: But the minister has not told us the full story. Tell us how many were published and mailed out.

Mr. Sinclair: That is the most interesting thing of all. Usually about two hundred or so are printed. The important point as far as waste is concerned is the amount which is surplus. There is this small residue of 24 copies left on this study on the grass of the arctic on which life in the arctic depends so much. I would emphasize again that this was a scientific study carried out by our own universities at the request of scientists and scholars who wanted information on this particular aspect of survival in the arctic.

Now there are two other titles in the hon. member's list. The one which excited most comment, I believe, was "The Speed of the Goldfish in Relation to Water Temperature", published in 1947. We have 13 copies of this left at 20 cents each, which means a surplus cost of $2.60. You may say, "Why in the world is the fisheries department of Canada primarily concerned with commercial fisheries wondering about how fast the goldfish swims at different temperatures?"

An hon. Member: That is a very good question.

Mr. Sinclair: It is a very good question. Most people in this house have not much knowledge about fisheries. If I were to say my colleague the Minister of National Health and Welfare had published a bulletin on the effect of tobacco tar in causing cancer in mice, probably the hon. member for Moose Jaw, who is a practical businessman, would say, "Well, suppose mice do get cancer? It would save us the cost of traps. Mice do not smoke anyhow." Others would know that this relates to lung cancer in humans. Questions with regard to this pamphlet are just about as sensible as that. In pathology medical people use, not human beings but two organisms, mice and guinea pigs, on which to conduct their primary experiments in order to determine the reaction on the research work they are carrying out. Most hon. members are aware of the study of genetics in regard to livestock. In that regard, not the cow but the fruit fly has been the guinea pig. In fisheries we use the goldfish for the same purpose. It is cheap, it is plentiful and it can be used in our laboratories as a guinea pig for our purposes. We asked the University of Toronto to carry out this study for a very good reason. We did not care much about the goldfish one way or another, but we wished to get the answer to certain important questions. We wanted to know how fish act under different

temperatures, to study the migration of fish from the Pacific into our rivers. Our international salmon commission did a remarkable job in forecasting when the fish will arrive at our coast points, which was important information. We wanted to know the effect the temperature would have on the fish movement at different times of the year.

The second problem with regard to fish speed and water temperature was also an important one. The construction of fishways such as Hell's Gate in the Fraser river canyon is of great importance to our salmon fisheries. Hell's Gate was a barrier in the canyon that choked off the Fraser river salmon and the Hell's Gate fishway was built to overcome that. It is not an ordinary fish ladder we had built in because the river rose and fell ninety feet during the seasons and such a ladder would be useless. It is a series of baffles through which the water is channelled leaving eddies behind the baffles and the salmon dart up these eddies in successive stages. This experiment was carried out successfully with sockeye salmon. However, one problem we had to overcome was how far apart each baffle should be made, what the speed of the water should be which the salmon could overcome. We wanted to have a number of baffles designed so as to allow most of the salmon to get through at most temperatures. Fish, like people, get sluggish under certain temperatures. This goldfish study was carried out in order to determine the range and cruising speed of the fish. It is true we used salmon after the pattern was established, but this was one of these cheap little lab experiments such as those carried out by the agricultural scientists on the fruit fly to establish primary facts.

The hon. member for Moose Jaw mentioned another pamphlet and if he had read the whole title he would have found out why it was published. The title he read was "The Effect of Fin Clipping on the Cruising Speed of Goldfish". That is where he finished, but the rest of the title goes on—"and Cohoe Salmon Fry". We carried our experiments by clipping the fin off the goldfish and by these experiments we were able to obtain important information with regard to the west coast salmon run.

The little fingerling starts off in the stream where it is born and is lost out in the Pacific for two years. We wanted to know where it went and if it always came back to the stream in which it was born. We cannot tag a fingerling, it is too small. What we can do, however, is clip one small fin, either dorsal or ventral, off a number of fingerlings from our streams, and check on the adult fish that way.

One thing that bothered the scientists was what effect the removal of one of these rather superfluous fins had on the fingerling in its ability to swim. We used goldfish first, then cohoe fingerlings, and through our experiments we proved that this fin was as superfluous as an appendix is in most people and the removal had little effect on their ability to survive.

The last one referred to by the hon. member for Notre Dame de Grace was "Amdominal Width and Sexual Maturity of Female Lobsters on Canadian Atlantic Coast" published in 1944 and which is out of print at the moment. Hon. members laugh. I do not know the hon. member for Notre Dame de Grace except for seeing him across the floor of the house, but he is old enough to know about the birds, the bees and the flowers. Lobsters do it too. It is quite true that we can leave it to the male lobster to be able to recognize when the female lobster matures, but what we have to know is under what conditions and at what size she is mature. The lobster fishery is the most important fishery we have on the east coast. All our fishing regulations must be framed around this one important point: First of all, at what time of year and under what conditions do they breed. We want to know the size of the female lobster when she reaches what I suppose in the human world is called puberty. You cannot have any rule of thumb on the matter of size, no more than you can have one with regard to people. The system dvised by one of our own scientists, which is something we will understand, is the actual pelvic width, if you will, of a female lobster in relation to her length. The effect of temperature of the water is also important. In warm waters female lobsters are bigger; it takes them a shorter time to come to sexual maturity than it does in the colder waters on the Nova Scotia coast. It is for these reasons we framed the conservation rules which the hon. member for Charlotte knows so well, as do other maritime members, in order to see that, first of all, the size is such that at least these female lobsters are going to have a chance to come to sexual maturity so that they will reproduce and so so that we shall have a continuing harvest. So much for research.

The other two things which are of major concern in fisheries are first of all conservation. Unless we conserve our fisheries as well as we can without impairing the chances of an equal harvest being taken next year,

then we shall have dwindling fisheries. On the east coast we are concerned with two problems. One is the decline of the Atlantic salmon. The Atlantic salmon is not as important in dollars as is the west coast salmon commercially but it is of great importance in the life down there commercially and as a sport and tourist attraction.

The provinces have been concerned about the steady decline in Atlantic salmon. This is in great contrast, of course, to the west coast where, since the thirties, our salmon run, because of our conservation, has steadily increased. As I pointed out, the provinces have been concerned about sport fishing. This spring we had a happy meeting here in Ottawa with the Atlantic provinces, and agreed for the first time on uniform conservation laws. We closed down on the season. We closed down on the catch allowed to sport fishermen. Instead of being regulated by provincial boundaries we now have regulations for scientific boundaries of three main areas, the Atlantic area, the bay of Fundy area and the gulf of St. Lawrence area. I cannot speak too highly of the co-operation we received from the provinces concerned, including associations down there such as the Atlantic salmon association, and a group I met yesterday, the Miramichi salmon association. They are agreed with us on the value of this work. It is going to be tough for the first three or four years because shorter seasons are going to mean less fish and there are few enough fish now. But we feel very keenly that we can bring back the Atlantic salmon fisheries as we have brought back the west coast fisheries.

Mr. Brooks: May I ask the minister this point whether he is doing anything about seals, which are supposed to be quite a menace to the Atlantic salmon?

Mr. Sinclair: Yes. Federal study of this problem indicates two things, increased protection of the rivers to cut down poaching, because the scarcer the salmon the worse poaching is, and then increased action in the other field on other predators such as the harbour seals and hair seals. We pay a bounty on them. We stepped it up. Our own officers kill these seals, but we do not pay any bounty on what they kill. But the worst predators are the mergansers. There is a variety of uncouth names which are usually attached to them. These migratory birds feed principally on salmon spawn and small smolts. We had a little bit of difficulty in getting permission to kill them because they are protected under the migratory game birds act, but we have now extended our program of killing off mergansers. The program in one river has been so successful that an increased number of fingerlings has been noted for the first time.

But on the east coast the main problem is the lobster. Studies of this sort which refer to lobsters are slow and painstaking. The lobster grows about 50 per cent each year for the first five years. We have to determine the period of sexual maturity in order to allow at least one breeding season. Thus our aim should be to have the fishermen catch the lobster when it is at its best size, from the point of view of growth and the point of view of marketing. As hon. members know, we slightly increased the size for lobsters on the east coast only last year. That action has met with understanding in almost all parts of the maritimes except two areas, where the fishermen feel that we are crowding down on them. One or two years' enforcement of the larger size is going to result in larger size. They will see the reflection in their catch. I may say that the Nova Scotia fishermen are completely in favour of this regulation. As with all conservation regulations, it is difficult at the time you enforce it; but in the end, when the fishermen see that they are getting bigger catches, they understand what we are trying to do.

Out on the west coast we have an entirely different problem in conservation. We can pride ourselves that, over the years, the Department of Fisheries has done a good job on these fisheries, which produce almost half the dollar value of all the fisheries in Canada. We have three main species out there, namely salmon, halibut and herring. All of them are what we call controlled fisheries. They are under complete scientific control. We have done enough work on them to know exactly how much we can get each year, and exactly how much we must allow to go upstream to spawn in the case of salmon, to spawn in bays in the case of herring and to spawn on the banks in the case of halibut. More and more fishermen have been getting into the fishing industry on the west coast, using better and better gear, bigger boats, better nets—nylon nets—and better and better electronic gear in order to find the fish faster. The trouble is that there are still only so many fish. We have more and more fishermen using bigger and bigger gear and only the same number of fish. What happens there is easy to understand. The annual catch per fisherman goes down. In order to survive he tries to catch a higher price per unit of fish. Fish in the end have got to compete with farm products, so that there is no easy solution by driving up the price of salmon, halibut or herring.

We are therefore faced with trying to obtain a controlled fishery and control over the fishing operations. There are four ways that can be done. The first and most obvious is licence limitation. We have a limited fishery. We should limit the licences. Today the only limit is that the holder of the licence must be a British subject. This year we are going to change that to a Canadian citizen. Then British subjects who are not yet Canadian citizens will be unable to get a fishing licence. But that is only scratching the problem. Licence limitation means that we will quickly get rid of two groups who are nuisances. One is the sport fisherman in British Columbia who takes out a commercial licence in order to get by the catch limit. The catch limit is six. He can catch 300 or 400 with a commercial licence. The other one is the part-time fisherman who at the time of the big run on the Fraser river gets a boat, a couple of hundred feet of net, goes down there and gets a good share of the fish which properly belong to the man who fishes the year round and the years round.

The objection to licence limitation is that those who have a licence are in preferred positions. The licences which cost only a dollar become things of value. The real worry is this question: How do young men who want to begin in the fisheries get a licence? The best source of fishermen, of course, is from among the sons of men in the business. This year we are going to make a thorough study of the situation. The second way to limit the catch is by means of gear limitation, or limitation on the size of the gear or on the type of the gear. We have eliminated traps in all but one area at Sooke. We have made restrictions on the size of gill nets, on the size of seines, on the size of mesh and the areas that they can fish in. In general, in order to prevent a tremendous drop in the fish population, we want to get the fishermen as far away from the spawning areas as we can. On the Nass river, on the Skeena river and Rivers inlet, we have constantly pushed the boundary further and further out to sea to give the fish a better chance to get in and spawn.

Then, the last thing, and the thing we use most of all, is season limitation, both a long closed season and then weekly closures. We have had forty-eight hour, seventy-two hour, ninety-six hour closures, four-day closures, in a week. More and more gear just means a five-day closure or a six-day closure, and the fishery is going to become more and more uneconomic because the people cannot expect to make a living with expensive equipment when just working one day in the week.

During this next year there is no question the most important matter facing our department on the west coast is to attack this problem of trying to match fishermen and fishing gear with the limited fishery which we have under scientific control. There is one special problem which has been mentioned by several members, the hon. member for Vancouver East, the hon. member for Burnaby-Richmond, the hon. member for New Westminster, the matter of the closure of the upper Fraser which I announced when I was speaking to the fishermen's union in Vancouver. For the benefit of those non-fishing members who are kind enough to listen to us fishermen during our one day in court, let me explain the movement of fish in the salmon streams, especially the Fraser.

We have six kinds of salmon. There is the sockeye salmon, a little salmon of five or six pounds which is our richest fish and is all canned. Then we have the spring salmon, with red and white flesh, our largest species, the biggest one on record being 121 pounds. Then there is the cohoe salmon. The last two salmon take bait. The others do not take bait. Then we have the pink salmon and the chum salmon. These latter salmon are just two-year salmon. They go down the river, out to sea, are lost and come back again in two years. The other salmon are four-year salmon. The salmon are lost out in the Pacific and then they return almost like clockwork.

Our scientists can pretty well forecast when they will first turn up off the south end of Vancouver island. They sweep around through Puget sound on the American side, then up into the gulf of Georgia on our side and mill around the mouth of the Fraser river. They start up the Fraser river and by some uncanny instinct they go to the little creek where they were born. It may be 500 or 600 miles up but they are able to find it by some device that our scientists have as yet been unable to detect.

The sockeye salmon comes in first. It is our finest salmon. It is a very rich fish. In its years in the Pacific it has stored oil in its body, but the moment all these fish hit fresh water they stop feeding. From then on they are living on their own bodies, which means they are wasting. The sockeye has the farthest to go and it is in there first. When it comes in the river it is still in pretty good shape. However, the two late runs, the pink and the chum salmon, are different. They are coarser fish. The pink salmon weighs around five pounds and the chum possibly ten pounds. Most of them spawn very close to the mouth of the Fraser. By the time they

come into the Fraser they have stopped feeding. They are feeding off their own bodies and the quality of the fish is going down very rapidly. They become very ugly fish with splotches of colour showing all over their bodies. They get to the spawning ground, spawn and then die.

Since we have had a fishery in British Columbia the problem has been how much fishing we should allow on the Fraser river. In the old days there was no restriction at all. Fishermen fished as far up the river as their boats would go, to Sumas, almost seventy miles up the river. The quality was poor. The fish were then dying. They were on their way to perform their last function. In the early days the canneries would not accept either pinks or chums caught in the river. They would not accept any sockeye which had any colour on it at all.

In 1905, because of this condition, a royal commission was appointed to investigate the problem of fishing on the river and it sat for two years. When the fish are in there they are at the most valuable period to Canada of their whole cycle. These are the little fingerlings that went to sea, survived all the hazards of their years of life at sea, fought their way back through all their enemies around Vancouver island, avoided all the nets in the river and headed up to their spawning ground. These are the ones which are going to perpetuate the species. They are in a narrow stretch of the river and in a most vulnerable position to be caught with nets right down to the bottom and right across the river.

Before the royal commission which conducted this investigation from 1905 to 1907 the scientists recommended that the fishing be closed at Westminster on the grounds of both quality and conservation, but other witnesses before the commission presented the argument on compassionate grounds that above Westminster there were settlers clearing land of timber, that these fish were food for them and that they could sell clean fish to the canneries. As a concession the royal commission said that fishermen above the bridge who lived there could fish in that stretch and only in that stretch.

In 1905 there were forty-two of them. In 1912 there were only seventy. They were still settlers. In 1922 there were 112 and last year there were 611 fishermen in this thirty miles of river going after these salmon heading to their spawning ground. The quality is poor. There are more fishermen there today than there were in the days when the royal commission investigated conditions in 1905. All connection with clearing land has gone. These are fishermen who never go to sea, who fish two or three days a week for a period of three or four months in that narrow stretch of river and expect to make a living. Our other fishermen range the whole coast from Oregon to Alaska. They fish the year round. They catch the salmon at sea when it is in first class shape. I would ask those hon. members who are farmers what they would think of a farmer who did not harvest all his wheat at the proper harvest time but waited until the fall when the wheat was frost killed to harvest it. That is just about what we are doing with our salmon when we allow salmon, which are first class salmon in the sea, to be caught up the river when the process of deterioration has started.

It is for that reason that our scientists and officers recommended, with respect to these slow moving fish, the pinks and the chums, that fishing above the bridge be stopped in the future. I announced to the fishermen at the union meeting in Vancouver that we would stop that fishery on September 16. That would mean they would still get spring fishing and summer fishing for sockeye salmon which go much farther up the river and are in better shape, but not for the pinks and the chums. Naturally a great protest was raised by the people who were affected. They said that they could not go to sea, that they did not have the gear or the boats. I met the union, I met the gill netters, I met the local mayors and reeves and pointed out that we were interested in quality and conservation. When I met them I promised to look at the question again. Their main point was that this might be the right thing to do but I was doing it too quickly, that I should take it in steps.

Since I came back to Ottawa we have discussed the matter again with our research people and our officers, and it is probably right that we are doing it in a little too big a sweep. Therefore we have changed the closing date this year from September 16 to three weeks later, October 8. They will have the tail end of the sockeye and the first of the pinks and the chums. The hon. member for New Westminster applauds. I want to tell the committee that next year it will be September 30 and the year after it will be September 15 because it is felt that in the interests of quality and conservation we must close this fishery. But because of the reasons put forward by these people for a little more gradual closing off, we have agreed to make that change.

There is one other point which was raised by the hon. member for New Westminster, the question of whether we are going to have fish or power in British Columbia. The Columbia river down south was as great a

river as the Fraser in its day, but the construction of the Bonneville dam, the construction of the Grand Coulee dam and the Libby dam, has greatly reduced the fishery there. We are determined that is not going to happen in British Columbia. We feel, and I think we have proved, that we can have fish and power, that all these power developments can be designed to allow the passage of the fish up the river and the fingerlings down.

Since 1945 our department has come in conflict—I use the word "conflict" but I do not really mean it—with every major industrial concern on the coast of British Columbia except the telephone company over power, over pollution of rivers, over obstruction of rivers, and in every one of these cases we have been able to work out a harmonious solution with one single exception. This case involved one small run of fish up a river where there was a drop of 1,800 feet. We had a look at the power development but there was no practical way of getting the fish up that height. We tried to transplant the small run instead.

But aside from that we have been able to work out a solution to all these problems in British Columbia. Our Fisheries Act does give us that power. If after a dam is completed we find that it interferes with the fishery we can order changes. Actually that is a little late. Out of experience the companies that build these dams generally come to us first and say: What sort of a dam should we build so that we will not have trouble with you afterwards? I am very happy that the government of the province of British Columbia, of which, incidentally, I am not a supporter, passed complementary legislation on this power question at its last session. In this way, before permission is given for the construction of a power dam, provision has to be made to satisfy the fisheries department that the fish will get by. The fishing industry of British Columbia now feels quite a bit safer, and feels that between the two of us we certainly have the power to see that any obstruction to the fisheries that is planned will make provision for saving our fisheries. I hope that the provinces on the east coast that have similar problems will follow this line of introducing complementary legislation.

The last thing about which I want to speak is this matter of international conservation. There is not much point in our trying very hard to conserve our fisheries in our own territorial waters, and build up stocks to make sure that our fishermen are going to have a perpetual harvest, if just offshore on the high seas other nations come in and ruthlessly exploit these national stocks. Over the years we, and our neighbours to the south, have been pioneers in international co-operation on the high seas. The halibut treaty of 1923 was the first act Canada ever signed by herself. It was the first fisheries act for the high seas ever signed by any country. In 1923 the halibut catch had fallen down to less than 30 million pounds and it took the fishermen of both nations a year to catch it. Following 30 years of international co-operation and control we have doubled the catch, and we catch it in one month.

Last year I told you that there was one weakness about these joint commissions, in my opinion. We have our scientists, industrialists and officers on these commissions, but we have never had a commercial fisherman as a member of these bodies, a man with the practical experience that comes from daily contact with the industry. I said that at the first opportunity I would appoint a fisherman to these commissions. Two opportunities did come. The first was the halibut commission, when I was able to appoint Harold Helland of Prince Rupert, who had been fishing with his own boat for 20 years, as one of our own members on this commission.

Incidentally, I refer to the sockeye salmon commission, the most extraordinarily successful example of international co-operation. When this commission was established the salmon run was just about through, and last year we had the greatest catch on record. All this was brought about by the joint efforts of these governments through this commission, to the mutual profit of our fishermen and their fishermen.

This has been so successful that our fishermen are very anxious we take another stride and establish such a commission for the pink salmon. We have not the same control over the pink salmon which sweep in from the sea and enter Puget sound. The United States fishermen therefore get the first crack at them and our fishermen in the gulf of Georgia then get their crack at the broken schools before they go up the river to spawn. We have never caught more than 5 per cent to 20 per cent of those fish that spawn in our rivers. We have not very big boats on the west coast because most of our fishing is in sheltered waters, but we encouraged some of our big boats to go out and get these fish before they got to the American waters. For the first time in history our fishermen picked up 40 per cent of these fish. We are going to have more boats out there this year, and by the time the fishery is in balance we will be able to

work out a joint treaty with our friends in the United States similar to the sockeye salmon treaty to control this fishery.

One of the oldest international conventions is this one about which the hon. member for Esquimalt-Saanich told us a story last year, the international sealing convention. By 1914 the seal population in the Pacific had fallen to 150,000 because of ruthless killing. We now have a convention to protect them, and there are between 3 million and 4 million of them up in the Pribilof islands. Each summer the cows and their puppies come all the way from California by sea, and the bulls are up in the Bering sea in any event. We get 20 per cent of the annual kill, and we clear about a million dollars a year from our share in that operation.

One problem that arises is that when you have between 3 million and 4 million seals in the north Pacific eating fish at the rate of at least 20 pounds a day, a great deal of fish is consumed. The two seals we had in captivity at our biological station consumed 20 pounds of fish a day. At this rate of consumption the 3 million seals consume more fish than the population of Canada. The Japanese are very exercised about that, and want study made to ascertain whether or not it would be more economical to have fewer seals and more fish. That is one of the things we are looking forward to studying this summer.

The northwest Atlantic fisheries treaty is a new one, including 10 nations, and it covers what is, after 400 years of fishing, still the greatest fishing grounds in all the world, the Grand Banks. We are one of the 10 nations in that commission. This summer a new nation has been seen off the Grand Banks, when for the first time two Russian trawlers were sighted. As yet, Russia has not joined the northwest Atlantic commission. We are very proud of the fact that our deputy minister of fisheries, Stewart Bates, has been chosen as chairman of the northwest Atlantic commission. We are just as proud —I do not know if it was because he was the chairman—that the commission selected Dalhousie University in Halifax as its base of operations. It will be a good thing for the fisheries school down there and a good thing for the maritimes to have this great commission based in Halifax.

In the north Pacific we have a new treaty which was passed by parliament last year, the north Pacific treaty. It includes Japan, the United States and Canada and is concerned with the conservation of the great fisheries of the north Pacific. Here again, I was able to appoint a fisherman, a fisherman who was the son of a fisherman and the grandson of a fisherman, and who has fished over the entire coast, James Cameron. He has already attended the first meeting and has done very well. This appointment has given the fishermen of our province an increased confidence in that they have a direct voice in the proceedings of this international commission.

Here again I am even prouder to announce that the same Stewart Bates was selected as chairman of the north Pacific commission. Once again the pattern repeated itself and it was a Canadian university, the University of British Columbia, that was chosen as the permanent base of this new scientific commission to control the fisheries of the north Pacific.

One other treaty is the international whaling convention, and we are one of the 17 nations belonging to it. We have had, at various times, a number of whaling stations on the Atlantic coast. Whaling in the north Atlantic has greatly diminished, but we have one whaling station on the Pacific coast at Coal Harbour. Last year they killed 539 whales. The next meeting of the commission controlling whaling on the high seas, and which sets the methods by which whales can be killed, is going to be in Tokyo. It is of special interest to us because the north Pacific is the only area in which we do any whaling, and we share that whaling industry with Japan and Russia. There are two things of interest to us. There is the recommendation that, for the first time, a limit be put on the number of whales to be killed in the north Pacific. This is a matter of concern to our fleet.

Secondly, the meeting is going to discuss whether or not helicopters can be used to kill whales. Helicopters are now used to spot them, but as to whether or not they will be allowed to carry harpoons and kill whales is a matter that is on the agenda for study. This is of interest to us because we do not operate any large whaling boats but our operations are land based and might be suitable for helicopter operation.

In telling about the success we have had in working out these international treaties to conserve the fisheries on the high seas, I might mention one inland fishery that is extremely valuable and that is the great lakes fishery which we share with our neighbour, the United States. In recent years there has been an alarming decline in that fishery, and the reason for it has been an incursion of sea lampreys which feed by sucking the blood of the other fish. The lamprey is spreading throughout lakes Ontario, Erie, Huron and Michigan, and is

now just entering lake Superior. The commercial fisheries in Ontario are under the control of the Ontario government. They have been very anxious that we help.

We approached the United States government with the thought that we would have another international treaty for the purpose of getting rid of the lamprey and building up these fisheries as we have done on the two coasts. Unfortunately, there was jurisdictional trouble in the United States because the fisheries there are primarily under state control. I think there are seven different states along the lakes, there. Apparently some one or more of the states were not too willing to surrender jurisdiction to the United States federal government. Whatever the situation was we could not sign a treaty, but the federal government here with Ontario and the government in Washington have undertaken a parallel program, the sort of thing we carry out together, on a program of lamprey control through scientific research.

Our scientists think that it is not just the lamprey, but that it is the introduction of a great number of less valuable fish in the lakes, which have taken food away from the valuable whitefish, lake trout and pickerel. In this program the government of Ontario has joined with us and I am pleased to say that we have had the most pleasant relations with the fisheries branch of that province. We have a joint vote of $30,000 to begin a scientific study of the fish population in the lakes.

In the matter of lamprey control, we are doing the work ourselves. We have $150,000 in the estimates this year for the commencement of lamprey control at the entrance of lake Superior, where they are just beginning to show up. I am hopeful that in the next year or two the program carried out on both sides will convince everyone of the need for a similar international treaty to restore this great fishery. It is a great fishery, not only because of the value of the fish, but because it is one of the few fisheries in the world immediately adjacent to a high concentration of population. The market is right there. It is the heaviest concentration of population on the continent—which makes it all the more important for them and for us that we arrange an international treaty which will bring back these fisheries.

Mr. Chairman, this short review is now ended.

Mr. Pearkes: Mr. Chairman, I should like to thank the minister for the most interesting review he has given of the work of his department. I am sure the committee will feel it was well worth while listening to him while he made his report. I am glad I asked him to do so, rather than bring it out in a piecemeal fashion in reply to various questions. Actually, I think time has been saved, because many of the points I had intended to raise have now been answered.

I am sure all hon. members who represent seaboard constituencies will be delighted to hear of the improved conditions in the industry. A year ago the minister had to report that the industry was in a depressed condition. Everybody knew that; we all had representations made to us. Now, partly through the efforts of the industry itself, and partly because of the assistance given by the minister and his department, he has been enabled today to report improved conditions.

I should like to say a few words regarding the industry on the Pacific coast. I shall not touch the Atlantic coast, because I have not had the opportunity of visiting the fisheries there recently. My remarks will not be in the form of criticism of the policy followed by the department, but rather to urge a more concentrated and a greater effort on some of the endeavours the department is now taking in order to solve the problems facing us in connection with our west coast fisheries.

I think those problems can be summarized under three main headings. The first is that of conservation, the second is that of the methods of taking the fish out of the ocean, and the third is that of marketing. The minister has described fully some of the research work that has been carried out. This has been going on over a number of years, and has been concentrated mainly—and I say "mainly" because there is other work going on as well—on our salmon run, our halibut and our herring fisheries.

As a result of those investigations there have been a number of international agreements. Government regulations have been laid down to prevent the depletion of our fisheries. As the minister has said, had it not been for the international salmon commission, our sockeye run might actually have been wiped out some years ago. A great deal of time has been spent in the study of the habits of this species of salmon, with results extremely beneficial to the industry.

The desirability of a similar commission being set up with reference to the pink variety of salmon has now become evident. I am glad the minister has made reference to this point, and I am going to urge him to proceed with the utmost vigour toward the completion of whatever steps have been taken to ensure the completion of some agreement with the United States for the preservation of the pink salmon run. Because if that is not done, the pink salmon will be in exactly the same position as were the sockeye salmon a few years ago.

As the minister said, the pinks enter Canadian waters through the strait of Juan de Fuca, and then pass on into Puget sound, and up into the Fraser river. I believe that only a few years ago American fishermen were taking three pinks for every one our Canadian fishermen were able to obtain. However, because of the trend which has taken place, and the encouragement given by the Department of Fisheries, there has been a movement of the fishermen farther out to sea. This affects my own constituency because such ports as Sooke and Port Renfrew have now become the habitat, if I may say so, of the seiners, whom I have seen in increasing numbers in the last two years fishing for the pink salmon long before the pinks have reached fresh water.

What is going to develop, if some international agreement is not reached, will be a race between American and Canadian fishermen to catch the pink salmon as far out at sea as possible, and in as large quantities as possible. With the larger boats and the improved gear available this will mean that the pink salmon will be caught long before they reach the Fraser river.

What will be the consequence of this? Either the department will have to close right down on any gill-netting by a fisherman who, with his son, may go out in a boat—it will have to close down on the small fisherman in his small boat, or else it will have to allow them to go on fishing with their gill nets, with the result that in a few years time the whole pink salmon run will be depleted.

Hard as it may be on the traditional fishermen who for many years have been fishing in the Fraser river, there is no question that the fish are in better condition when they are caught further out to sea, and it is more economical to use modern gear and bigger vessels in order to catch the fish before they have used up their body oils when they come into the fresh water. Therefore, I do say that in order to preserve the means of livelihood of the gillnetter and to preserve the pink salmon, it is imperative that in the very near future an agreement be reached with the United States in order to preserve that pink salmon run.

I make this suggestion at this time, not as a special pleading for my own constituency. There is a need for harbour facilities for our fishermen along the south coast of Vancouver island because we are going to fish beyond Port Renfrew. Sometimes fall storms do come and fishing vessels have to seek shelter. At the moment the harbour at Port Renfrew is very exposed and the harbour at Sooke needs considerable development. I hope the minister will make representations to his colleague, the Minister of Public Works, regarding that point.

Since we are talking of conservation, I was interested to hear of the steps which the scientists are taking in regard to their methods to control those various agencies which prey on the fish. I have thought in the past that perhaps sufficient attention was not being paid to that type of conservation, and we were spending most of our endeavours on trying to conserve the fish themselves when they went up to spawn. But continual and constant warfare is carried on on all marine life. The commercial types of fish are attacked by animals, by birds, by reptiles, by other fish and by various parasites. I believe we can do much to conserve the catch in the future by further investigation along the lines of exploring to see how we can control those pests.

I am going to say just a word about my pet aversion, the fur seal. The time has come when we have got to reduce the herds of fur seals. The fur seals spend most of their winter off the coast of British Columbia, from about the month of November until June; and, as the minister was saying, the experiments which have been carried out show that these animals eat from twenty to thirty pounds of fish every day, but they destroy from thirty to fifty pounds each day. And where you have herds of four million seal destroying thirty to fifty pounds each a day you can see the havoc which is being wreaked on our fish. We do give a small bounty for the destruction of the hair seal on the west coast. Well, the hair seal and the fur seal are really the same animal, and they both live on fish.

A very interesting article was written not very long ago by Captain M. E. Lohbrunner, who has spent a lifetime with the seal-fishing fleets. He was very emphatic that thousands of pounds of fish are destroyed yearly by the herds of fur seal while they are feeding off the coast of British Columbia. A few years ago the pelts were considered of the greatest value, but there are so many other forms of fur used—and synthetic furs are used for apparel—that I do not believe it is so essential to maintain such large herds of fur seals as are extant. I hope that an international agreement—it would have to be an international agreement—will be entered into which will provide for the depletion—I do not say complete elimination—of those herds of fur seals.

The next group of problems come under the question of the methods by which the fish are taken out of the ocean. The minister

again referred to this set of problems. An attempt is being made now to control them by limiting the season and limiting the number of licences which are being issued. As more and more efficient means of catching the fish are brought about, if no more fish are to be taken out of the ocean, then of course the season has to be limited, and the result is that there are fewer and fewer fish for each man to catch. Until our methods of conservation are developed much farther than they are now, it will not be possible to increase the total catch.

The minister referred to the sport fishermen. He called them sport fishermen or holiday fishermen. It is immaterial, but there are more and more, professional men, businessmen and people who have seasonal unemployment during the fishing season, who do augment their incomes by going out and catching fish commercially, not only in the Fraser river, but also on the high seas. Some of these people have very expensive gear and they do add materially to their income. I know one professional man who goes out regularly every summer and enjoys his holiday fishing commercially. He goes out with his son. He sells his fish commercially and it is not really considered an essential part of his income. He enjoys the life. Of course it is not easy to say that he must not go fishing. The oceans are open to everybody, and the minister will have to be careful how he limits these licences. The elimination must be such that it does not play in favour either of the unions or of the fishing industry. A very large number of licences, an unlimited distribution of licences, would result only in competition between the various packing houses in order to get the fishermen to deliver their fish to their packer. A few licences would inevitably mean an increase in the price. But the fact does remain that our fishing industry on the west coast is overcrowded at the present time, particularly in so far as the salmon industry is concerned. It may happen to other types of fishing.

One solution seems to me to be an encouragement of the real commercial fisherman not to specialize solely on one species of fish but to have the gear, equipment and the type of vessel which would enable him to catch other fish. I am glad the minister is limiting the licences this year to Canadian citizens only. There have been immigrants, coming in from Scandinavian countries particularly, who have gone into the fishing industry in the past. They have been excellent fishermen, as have been some of the orientals who have engaged in the fishing industry, and I think it is well that commercial fishing licences should be limited to Canadian citizens only. I would like to ask the minister whether the price of a commercial licence is not too low? The fee is very small and I am not certain that the smallness of that fee may not encourage more people to go into the commercial fishing industry. I would like the minister to tell me whether consideration has been given to the advisability of increasing that fee, which might have the effect of eliminating the tourist and holiday fishermen, whereas the commercial fishermen would still be in a position to pay perhaps a larger fee.

As regards marketing, the minister's remarks were most encouraging. We were all pleased to learn that there is now no carryover of the pack and as the new pack comes in there will be other markets opening up. A year ago the industry sent representatives to the United Kingdom and made what might be called a bilateral agreement, which was not exactly in the form of a barter, but under which the United Kingdom authorities were prepared to take some of our canned salmon if we would do our best to purchase more fishing gear, fishermen's clothing, tinplate and that sort of thing from the United Kingdom. That has worked out very satisfactorily. That arrangement showed great initiative on the part of the industry itself and I must pay the minister credit for having contributed his part to that agreement. I am not a supporter of the government of which the minister is a member, as he well knows, but there is no question that this agreement assisted the industry.

I would like to stress the importance of a more thorough inspection not only in the canning plants but also on the boats themselves. The fishermen sometimes become careless in regard to the way in which the fish are handled in the catcher boats and in the packers and I believe that perhaps the quality of our fish might be still further improved if there was more rigid inspection. We realize that that means more money and also means employing more personnel on patrol services, but if anything could be done to encourage the fishermen themselves to take more care in the way the fish is handled I think that would be of advantage.

Lastly I would like to deal with the problem to which the minister himself made reference, and that is the question of international agreements and the control of the fisheries in those waters which are immediately adjacent to our coast. A year ago the minister informed us that a commission had been set up under Dean Curtis to consider the definition of our territorial waters.

I have previously urged that a line be drawn up on the west coast of Vancouver island and the west coast of Queen Charlotte island and that all waters east of that line, if they cannot be considered as territorial waters for all purposes, should be considered as waters over which the Canadian government through the fisheries department should exercise some control. I would ask the minister when he is replying to tell us what progress has been made by that commission headed by Dean Curtis and how far they have got and whether they have been able to submit any reports to the government or to the international committee in connection with the United Nations which is also studying that point.

I am pleased to note that commercial fishermen have already been appointed to many of these international boards. I can only say that I wish that that had been done at the time when the international agreement between the United States, Japan and Canada was being drawn up. I think such appointments would have eliminated much of the misunderstanding which existed amongst the actual fishermen when that agreement was first published and when there was so much heated discussion in the unions and in the industry itself as to those agreements. I am sure that perhaps some of the unions were themselves to blame by not taking advantage of the opportunities offered to them, but at the same time had there been fishermen more actively connected with the drawing up of that agreement I believe there would have been less misunderstanding.

In closing, and as I said at the commencement of my remarks, I believe that the general policy adopted by the minister, particularly as regards conservation and the encouragement in the catching of fish under the most favourable circumstances as well as in marketing, is in general along the right lines. I can only urge him to concentrate on these endeavours and to intensify his efforts along these lines.

Mr. MacInnis: Mr. Chairman, the hon. member for Esquimalt-Saanich thanked the minister for the very comprehensive statement he made in introducing his estimates. I think I can go a little farther than the hon. member and congratulate the minister on making that comprehensive statement. I think it is probably the best statement made by any minister on the estimates for a very long time.

The hon. member for Esquimalt-Saanich mentioned that the minister's statement would probably shorten preliminary debates on the first item of the estimates dealing with administration. I do not know whether it will have that effect on the hon. member but it certainly will have that effect on me because the minister has answered most of the questions I intended raising. I really would be repeating some of the things the minister said and some of the matters outlined by the hon. member who has just resumed his seat if I were to extend my remarks. I think one of the best things the minister was able to report was the improvement in the fish marketing over this time last year.

I think it is really a remarkable achievement in which I presume the fishing industry itself, as well as the government, had a part. But as I understand it, last year there was not only the one year's catch to be sold but there was a carryover from one or two previous years. It is really a most gratifying thing to know that, in this time of dwindling markets, in this particular instance we should have had such good results.

In connection with the conservation regulations on the Fraser river, may I say that I had a number of communications from persons and organizations who would be affected by those regulations. While I am pleased that the minister or the department has seen fit to extend the time, I certainly would not press the minister to do that because it is a situation in which the layman must walk warily. I do not know all the problems involved but I know the importance of conservation; and I know that it would be much better to conserve this year and next year, even to the point where it hurts, so that we may have better fishing in the years following. While I wish to thank the minister for taking this matter in easy steps—I am sure it was done after consideration—it is something that I myself would not press or plead for because, as I say, I do not know what the results would be.

I could, of course, refer to several other matters but by doing so I would not be adding anything to this debate. I will merely say again that I wish to congratulate the minister for the excellent statement he took the time to give to the committee. I know it was not such a great achievement for him because he has been talking about this thing for the last few months. He or his department was good enough to send me a copy of the speech he made when he spoke in British Columbia to the convention of the united fishermen and allied workers, and in which mention was made of these things. I thought the speech was a forthright one and that it said the right things at the right time in the right place.

Mr. Sinclair: May I just say this, Mr. Chairman. Earlier I said that it was the hon. member for Vancouver East who had come and had the discussion with me. By force of habit I had used the name of my hon. friend's old riding. It was the hon. member for Vancouver-Kingsway who came and had this long discussion with me about the Fraser river.

Mr. Hahn: Mr. Chairman, I listened with a good deal of enthusiasm and interest to one of the most enlightening talks which I believe I have ever had the pleasure of hearing, especially with respect to fishing. We in British Columbia are extremely proud, as we have been for some years, of our Minister of Fisheries.

Mr. MacInnis: Do not say so publicly.

Mr. Hahn: Yes; I will say it quite publicly. I say it because someone earlier said "This day shall change all quarrels into love". At this time I should like to congratulate the minister particularly on the fact that he put considerable effort, I know, as an individual and as Minister of Fisheries particularly, into helping the fishermen in British Columbia to get rid of the huge stockpile of salmon they had there which amounted to approximately a million cases. The research work that he spoke of so fluently and so well is, I would say, possibly more necessary than ever in this scientific world in which we live today. I should also like to make a suggestion in this respect and it is this. Probably we should have freer circulation of that type of material. Then we would not have quite the same amount of objection as was indicated by some hon. members who voiced their opinions in earlier addresses.

I am particularly pleased to have heard him announce that the closure of the Fraser river above the Pattullo bridge will not be put into effect until October 8 this year, that he has taken these steps and has at this time announced the closure for the next two years. At least the fishermen on the west coast know where they are at in that regard. I believe it is something which the fishermen have requested for a long time and which they possibly had a right to expect. Under our democratic system the minister recognized that desirability and let us have the answer to it in today's sitting.

I have one question to put to him, though, in this regard and it is this. Will full-time fishermen above the Pattullo bridge be permitted to fish below the Pattullo bridge after October 8? We are all aware of the fact that some of these fishermen are full-time fishermen, though possibly not the majority of them; but the evolution of numbers in our fishing industry would indicate that since there were 611 fishermen this year in that area. Certainly they are not temporary fishermen or part-time fishermen, or sports fishermen for that matter. I should like to know for their information whether it will be permissible to fish below the Pattullo bridge after October 8. A large part of my particular riding happens to be below the Pattullo bridge. Now that steps are being definitely taken to close the fisheries above the Pattullo bridge I am interested in knowing whether or not such a move is being contemplated below the Pattullo bridge in the near future, in order that the fishermen can govern themselves accordingly.

Mr. Robichaud: Mr. Chairman, for those of us who are interested in fisheries, it is most gratifying to note that the minister has judged it to be advisable to introduce his estimates before the committee at this time. His masterful presentation this afternoon has been most educational and enlightening to all of us. An industry which yields landings of over two billion pounds annually, with a market value of nearly $200 million, deserves study and serious consideration. Our sea and freshwater fisheries are among the most extensive in the world and, with a potential still unknown, are bound to contribute largely to the world's food requirements in the years to come.

The Minister of Fisheries deserves congratulation on the vast growth and improvement which have taken place in his department during his tenure of office. His department has now passed the stage of being a minor department and its present organization is evidence of the wise management required by the ever-growing fishing industry in our country today. Various policies adopted in the last twelve months indicate the progressive advancement of the industry and the desire of our energetic and able Minister of Fisheries to cope with these developments and to be prepared for future expansion.

It is my intention, on the occasion of the presentation of the 1954-55 fisheries estimates, to express briefly my views on certain aspects related to the fisheries department, mainly on the Atlantic coast and in the province of New Brunswick. I have great admiration for the efficiency and sincerity of the fisheries officials, with a large number of whom I have been personally connected in my fifteen years of service in the federal and provincial fields, first as federal fisheries inspector and then as provincial director of fisheries for

New Brunswick. I realize the difficulties these men have to face as officers enforcing regulations in the protective or in the inspection fields, or acting in the markets and economics branch, or in the information and educational services. In discussing briefly these various branches of the fisheries department it is my intention to try to offer what I may call constructive suggestions which I hope the minister will accept with the same good intention and spirit in which they are being suggested.

An estimate of over $3 million is proposed to take care of the operation and maintenance of the protective branch. The maintaining of officers on land and at sea, the protection of closed seasons, restricted areas, limitation of gear, size limit of fish or shellfish, etc., necessitate large expenditures. We realize that the department has to maintain a well organized and well equipped staff for the enforcement of the Fisheries Act and its regulations. Unfortunately, in limited areas the results obtained are not always as satisfactory as one would expect. There appears to be in certain localities a lack of understanding between enforcing officers and the fishermen. These fishermen are by far the most colourful and courageous primary producers on the North American continent. They are a gallant, independent breed with pride in their heritage and in their profession. They are resourceful, adventurous, staking their all, including their lives, against the elements. They are what we would call a true picture of proud individualism and of free enterprise at its best.

It is essential that the Department of Fisheries, while allowing extensive exploitation of known fish population, must at the same time assure, through protective measures and wise management, the maintenance of production for future generations to come. Unfortunately in the discharge of their duties a small number of enforcing officers are more eager to protect by force and apprehension than by education and a preventive attitude. More efforts should be directed to educating the fisherman and making him understand the purpose and value of existing regulations. Lesser then will become the need of apprehending him and taking him into court for conviction. A fishery officer should be the fisherman's best friend. Better results can be obtained by a fishery officer through a friendly chat at the end of a wharf or even by offering a helping hand than by trying to impose himself as one too self-conscious of his authority.

I was pleased to note the statement made by the Minister of Fisheries when addressing the annual meeting of the fisheries council of Canada on April 28 last, as reported in the Saint John *Telegraph-Journal* of April 29. The report reads:

> Fisheries minister Sinclair Wednesday said lobster fishing regulations will be more strictly enforced this year. If this and an education program against illegal fishing does not cut down illegal catches, the fisheries department will ask that minimum fines be imposed, he told the annual meeting of the fisheries council of Canada.

It is gratifying to learn from the minister himself that lobster fishing regulations will be more strictly enforced this year. What is most gratifying and encouraging is the statement of the minister that an educational program against illegal fishing will be launched this year in certain localities where illegal fishing has become a common practice. Better public relations and co-operation between fishery officers and the fishermen are a necessity if the conservation service of the department is to prove its effectiveness. Fortunately this unhealthy situation is limited to a very few fishing communities. I feel confident, however, that if an educational and publicity campaign were launched through the public schools in co-operation with provincial or local authorities its results would be most satisfactory.

The fishermen of our fishing communities have been neglected from the point of view of education. The federal government, through its training payments to the provinces for vocational school assistance, could easily work out a program whereby fishing communities could benefit from a practical and efficient training system, as well as from a better understanding of the purpose of existing regulations.

On March 31 last, as mentioned by the minister in his statement this afternoon, the New Brunswick fishery regulations were amended to effect changes in the commercial and angling salmon fishing seasons. Similar changes were made in the other four Atlantic provinces. In an answer to a question I placed before the house on April 7 last, the minister said, as found at page 3855 of *Hansard:*

> In recent years a decline in the Atlantic salmon fishery has been giving great concern to both the federal authority and the five Atlantic provinces. On the federal side we have stepped up our research program, have increased predator control and stream clearance and improved our hatcheries. There was also the problem of having uniformity in the length of the fishing seasons, both commercial fishing in the sea and sport fishing on the rivers of the provinces.
>
> On March 1, we had a conference here in Ottawa of deputy ministers from the provinces who met with our officials and discussed and agreed upon a joint program which was taken back to the provinces. I am happy to say we have now received the consent of the five provinces concerned to the introduction of uniform salmon fishing regulations

in the whole Atlantic area. Instead of having five provinces all with different seasons and different sizes of catch, we will now have uniformity over the three areas: the Atlantic coast area where the salmon comes first, then the bay of Fundy, and then the gulf of St. Lawrence.

This program will involve the shortening of the open season for both commercial fishing and sport fishing. This is the type of program which has met with conspicuous success on the west coast, where we are happy to see the salmon fishery increasing each year. I am sure we shall have a similar result on the east coast. I feel I should say that we are very happy about the warm co-operation we received from the five provincial governments concerned.

I fully realize the urgent need for the introduction of protective measures to save this most important fishery from complete depletion. The commercial salmon fishermen as well as anglers have been asked to sacrifice a portion of their regular season and accept a shorter fishing period. It is not my intention to question the decision of the department in shortening the season and adopting uniform salmon regulations for the Atlantic coast. It is unfortunate, however, that the commercial salmon fishermen have been asked without warning to accept this cut in their regular season. I wish they had been given the same warning that the minister gave this afternoon to the western salmon fishermen. If angling is cut down to a period of say seventy fishing days, the sportsman or angler is still in a position to spend almost as many days as he desires with his fishing rod. Of the average of 40,000 salmon caught annually by anglers in the rivers of the maritime provinces, the larger proportion are caught in the Miramichi and Restigouche rivers in New Brunswick. I have my doubts if a shorter season will result in fewer rod-days and a reduction in the number of salmon caught by anglers in New Brunswick rivers.

The commercial salmon fisherman, whether his system of fishing is by trap net, set net or drift net, is the one who has been asked to sacrifice, not a few hours of leisure or relaxation but a substantial part of his earnings which are so urgently needed for the support of his family. The commercial fishermen are upset by this new legislation which is being imposed on them on the eve of the opening of the 1954 fishing season. They are concerned because they have incurred thousands of dollars in expenses to prepare their nets and fishing gear on the presumption of a regular period of operation.

These same fishermen, however, understand the seriousness of the situation and the purpose of the program launched by the Department of Fisheries. Representatives of commercial fishermen from Restigouche and Miramichi areas have been here in Ottawa to present their case before the department. Delegations approached me when I visited my constituency during the Easter recess and all were most sincere and logical in their claims. If the salmon are going to be allowed to go by the commercial fishermen's back door what assurance have these fishermen that these salmon will reach the spawning grounds and contribute to the conservation and the reproduction hoped for by the implementation of these new regulations.

If the Department of Fisheries and its officials are sincere, and I have every reason to believe in their sincerity and willingness to co-operate, consideration should be given immediately to the provision of adequate protection to those fish allowed to reach the upper waters of our salmon rivers. An additional expenditure of less than $15,000 a year for the next four or five years could provide adequate protection of the spawning grounds in the main salmon rivers of New Brunswick, and convince the commercial fishermen of the advisability of the department's action. I stress the importance of the minister and his department giving this request immediate consideration. Unless this protection is provided, the change in seasons could be of little advantage.

I am pleased to note that progress has been made in the concentrated study undertaken on the Atlantic salmon problem by the fish culture development branch and the fisheries research board. The predator bird control project on the northwest branch of the Miramichi river, the survey of all salmon rivers to record the presence of obstruction to migration, or possible pollution, is a step in the right direction. I would suggest that a careful study be made of existing conditions in the Nipisiguit river to determine the possibility of salmon reaching the spawning grounds. I would suggest also that additional consideration be given to the control of harbour seals at the mouth of Miramichi bay.

Activities in the oyster culture field have been most encouraging in the last ten years. Over 450 private leases for the culture of oysters have been granted along the northeastern shore of New Brunswick, most of those being located in Gloucester county. The oyster crop for New Brunswick increased from a mere few thousand barrels in 1940 to 32,000 barrels in 1948. Oyster leases in the Maisonnette and Shippigan areas deserve all the assistance and service available from the oyster culture section. Rumours have reached me that the staff at the Shippigan substation will be reduced to a minimum. Here again I wish to stress the importance of this particular service and ask for further expansion of facilities, rather than a curtailment of the present organization.

An estimate of slightly over $1 million is set aside for the operation and maintenance of the inspection branch. I want to congratulate the minister and his department for the responsibility that has been assumed in assuring that the fish reach the buyer and consumer in prime condition. A rigid system of inspection is necessary for raw material as well as for the operating methods and plant sanitation. Considerable progress has been achieved in this field during the last three or four years and further efforts should be made to train help in the various operations involved in handling, curing and preparing for market the various fish products.

I was pleased to see the minister, his deputy and his chief of the inspection staff attend the annual meeting of the National Fisheries Institute of America at Cleveland, Ohio, earlier this week. I am convinced, from the minister's own statement this afternoon, that he and his deputy minister came back impressed by what was said and what they saw at the National Fisheries Institute meeting concerning the possibilities for our deep-sea fishing industry. This new method of marketing frozen or pre-cooked cod fillets, known as fish sticks, could easily revolutionize our cod fishing industry. It could easily mean an additional outlet for approximately 30 million pounds of frozen cod fillets or 90 million pounds of fresh ground fish. Here again I strongly urge the minister and his department to closely follow this new development and, through adequate controls, prevent abuses that might lead to the loss of this important new outlet.

It was with satisfaction that I listened to the minister earlier this afternoon tell the house about the improvement in market conditions for the different varieties of fish. The sending of a trade mission to Portugal, Greece and Italy should be of great benefit to the salt cod industry. His statement concerning the condition of our domestic market was most encouraging, and his department is to be complimented for its achievement in this field.

The newly created markets and economic service has added much needed statistical information on the fisheries of Canada. The department is to be commended for its activities and close attention to current events affecting the market for fish, as well as its closer relationship with the trade commission service of the Department of Trade and Commerce. The establishment of a program of insurance for fishermen's boats and gear is another evidence of the department's determination to improve the social welfare of Canadian fishermen. Let us hope that the minister will consider the advisability of extending this benefit to a wider field, covering additional types of gear and larger fishing vessels.

I should like to bring to the minister's attention a resolution passed at the last annual meeting of the fisheries council of Canada held in Ottawa on April 26-28 last. The resolution reads as follows:

> Therefore be it resolved that the fisheries council of Canada request the government of Canada to amend the present regulations so as to permit fishing craft over 65 feet in length of Canadian registry to fish to within three miles of the coastline of Canada.

Now, Mr. Chairman, I wish to question the advisability of such a move. I realize that foreign registered craft are permitted to fish to within three miles of the Canadian coast line. I understand also that there is no indication that within the near future there may be international agreement on the twelve mile limit for coastal waters. I would suggest, however, that before taking any decision to amend existing regulations serious consideration be given to the condition of deep-sea fishermen along the Quebec, Prince Edward Island and northeastern New Brunswick shores.

In Gloucester county we have one of the most modern and most effective deep-sea fishing fleets on this continent. In less than eight years our fishermen, with federal and provincial assistance, have built up a fleet of 50 modern draggers valued at over $1·75 million. This fleet has revolutionized the entire fishing industry of the area, and in the last few years Quebec and Prince Edward Island have adopted our fishing methods. All these vessels measure less than 60 feet in length, and their yearly operation is limited to less than six months because of ice conditions. In view of this situation I would suggest that the interested fishermen be consulted before any decision is reached concerning this resolution.

Before closing my remarks I should like to call to the minister's attention a matter of great concern to our commercial fishermen. It is unfortunate that our fishermen cannot qualify for unemployment insurance benefits. It is true that this particular problem comes under the jurisdiction of the Department of Labour, but I am suggesting to the Minister of Fisheries that a joint committee be formed representing the departments here to study the possibility of covering commercial fishermen by unemployment insurance. I cannot see why an engineer, cook or deckhand employed for a period of five or six months a year on a fishing vessel, cannot be asked to contribute to the unemployment insurance fund in order to qualify for benefits during his period of unemployment in the winter

months. We must not forget that the fishing season closes in October or November, and it is late for the fishermen to look elsewhere for employment. Let us hope that something will be done to remedy the situation and that we can count on the co-operation of the Department of Fisheries in this case.

Mr. MacLean: Mr. Chairman, I was interested in the minister's review of the fishing industry of the country. I should like also to congratulate his deputy minister upon having been appointed chairman of the international commission for the northwest Atlantic fisheries. With that congratulation goes an expression of my happiness concerning the site chosen for the headquarters of that organization which, we are told, is to be at Halifax. It is most fortunate that it should be in the maritime provinces. I am particularly interested in this organization because its activities cover the gulf of St. Lawrence, an area in which I am directly interested.

In the province from which I come, Prince Edward Island, while perhaps in terms of some other provinces the fishing industry is not large, it is of relatively great importance. In that province our chief industries are agriculture, fishing and the tourist industry. In an indirect way the fisheries are of interest to the tourists, and serve as an attraction to them.

I was interested in what the minister had to say with regard to the conservation of fish and other marine life, but I am not too sure that some of the solutions he suggested are as simple as the figures he gave would indicate. While the minister pointed out the amount of fish required to feed one seal, and that the amount of fish destroyed by seals was greater than that used for human consumption, I would observe that before the balance in nature was artificially disturbed by the colonization of North America, especially on the east coast, there were great numbers of seals. They were present at that time in much greater numbers than at present. Yet, the whole area was teeming with fish.

This was specially true of the gulf of St. Lawrence, not only in the matter of seals but also what we call sea cows, and other marine animals which feed on the fish. If the reason given by the minister were the only explanation, or even one of the main reasons for the depletion of the numbers of fish, the supply would have been depleted at that time.

I think one of the reasons our natural wealth in fish has been depleted is perhaps a more obscure one. It is possible that it may be due to the pollution of our streams, or to other causes of that kind which are not so readily seen. I would hope that there will be success in any endeavours made to restore the potential fishing wealth of the gulf of St. Lawrence to something approaching what it was a few years ago, or perhaps what it was a great many years ago.

While it may not be generally known, the fact is that when eastern Canada was first colonized, or when the coasts of that part of Canada were first fished by European fishermen, one of the greatest fishing grounds was that of the gulf of St. Lawrence, and it is said that it compared favourably at that time with the Grand Banks. During the sixteenth century the gulf of St. Lawrence was perhaps the greatest whaling area in the whole world, and attracted large numbers of whalers. As the minister has said, today no whaling is carried on along the east coast.

In the middle part of the sixteenth century large numbers of Basque sailors came annually to hunt whales in the gulf. Perhaps hon. members would pardon me if I were to substantiate this point by quoting from some early personal observations of conditions in the gulf of St. Lawrence as they are set out in volume VIII of Hakluyt's Voyages. The first has to do with a voyage of Charles Leigh and divers others to Cape Breton and the isle of Ramea who, in 1597, passed through the Magdalen islands and entered the gulf of St. Lawrence. Speaking of their first entry of the gulf he states:

> In that place we caught great store of cods, which were larger and better fish then any in Newfoundland.

Later on he says:

> And upon the lesse of these Islands of Birds—

And the Bird islands were discussed yesterday in reference to their use as a bird sanctuary.

> —we saw great store of Morsses or Sea Oxen, which were a sleepe upon the rockes: but when we approched nere unto them with our boate they cast themselves into the sea and pursued us with such furie as that we were glad to flee from them.

Apparently they were in a small boat.

> The 16 we arrived at Brians Island, which lyeth 5 leagues West from the Islands of Birds. About this island ther is as great aboundance of cods as in any place can be found. In little more then an houre we caught with 4 hookes 250 of them.

Then in 1534 Jacques Cartier had this to say about his entrance to the gulf of St. Lawrence:

> A point of land being passed about a league from white Sand, there is a port and passage found called the Islettes, a better place then white Sand: and there is great fishing.

And then again, speaking of his observations made just after leaving the baie de Chaleur, he wrote:

> In the meane time wee sawe a great multitude of wilde men that were fishing for mackerels, whereof there is great store.

Then there is another very interesting reference with regard to whaling. This is in relation to a voyage made from Bristol in the year 1594 by a ship called the *Grace of Bristol,* owned by a man named Mr. Rice Jones. It made a voyage to the gulf of St. Lawrence at that time. He speaks first of the island of St. Pierre, which he calls S. Pedro:

> In these isles of S. Pedro there is a faire harbour which we went into with our barke, and found there two ships of Sibiburo fishing for cod: where we stayed two dayes and tooke in balest for our ship.

Then a little further on he has this to say:

> Then wee departed thence, and as we came out of the harbours mouth we laid the ship upon the lee, and in two houres space we tooke with our hookes 300 or 400 great cods for our provision of our ship.

Further on he had this to say, after they entered the gulf of St. Lawrence:

> In this bay of Saint George we found the wrackes of two great Biskaine ships which had beene cast away three yeeres before, where we had some 700 or 800 whale finnes and some yron bolts and chaines or their mayne shroudes and fore shroudes.

Then he mentions that there was a great store of whale oil in puncheons at that time, but it had been destroyed in the meantime by the surf. That was in the year 1594. At a much later date, just after confederation apparently, the resources of the gulf fishery were still very great, and I quote from a booklet which is put out by the Canadian citizenship branch. It has this to say in connection with the fisheries resources:

> Great concern was felt over the violation of Canadian waters by American fishing vessels. The extent of their operations was such that there were often "between 400 and 500 United States fishing craft in the gulf of St. Lawrence alone, with a tonnage of over 30,000, manned by over 6,000 men, taking fish to the value of over $1 million."

It would seem to me that at the present time the gulf of St. Lawrence has lost its pre-eminent place as a great fishing area. But I am pleased to see that new methods have been brought into use recently. I refer to the draggers which are now being used in the gulf. I hope the venture proves successful, and I think it has possibilities of proving successful from a marketing point of view, because of the new methods which the minister mentioned with regard to filleting of fish. A new and very energetic little plant is operating in Souris in Prince Edward Island. Although it is not in my constituency I am very pleased to say that up to now at least it seems to be progressing very well and quite successfully. The real key to the success of reviving the fishing industry of the gulf of St. Lawrence so that its potentialities can be fully realized lies perhaps in further research into the causes of fish depletion, and then of course the framing of suitable regulations to correct the cause of that depletion.

In that connection I should like the minister to review briefly, but perhaps in greater detail than he did, if I am not imposing on him too much, the success that is attending the conservation of the chief types of fish which are taken in that area, with special reference to lobsters, oysters, cod and also Atlantic salmon.

There is not too much more I want to say, but I should like special reference made to the benefits, if any, which are accruing from the new type of measurement of lobsters, the carapace method, which is brought into use and the new regulation with regard to the measurement of lobsters. I would also be pleased if the minister would give us some information on the operation of a new scheme of insurance as far as lobster fishermen are concerned. I refer to the insurance that is now available to them for insuring their gear. I do not intend to take up any more of the time of the committee just now, but I have a few questions that I shall put on the appropriate item.

Mr. Dickey: I too want to congratulate the Minister of Fisheries on the interesting and excellent review that he gave us of the operations of the department and some of the more important aspects of the international work that is being done over the broad field of fisheries research and conservation these days, in which Canada is playing such an important and essential part. It was a good speech, and the minister deserves the compliments that he has received upon it. But I think it should be said that his speech was only an example of the intelligent and vigorous effort that the minister is putting into the carrying out of his responsibilities in this important portfolio of fisheries, and it bespeaks well for the future of the department and of the department's work that we have a minister such as the hon. gentleman who holds this portfolio at the present time.

I should also say that we all recognize the minister receives excellent support and co-operation, and I am sure good advice, from his deputy minister and the other officials who are experts in their fields, and who have over the years obviously exercised good judgment and have taken a very long range and sensible view of fisheries problems, and have made great contributions to the advances that have been achieved.

The fishing industry is one of great importance to my province of Nova Scotia, and of particular importance to the constituency of Halifax. In Halifax we have important

shore fisheries; we have a long coast line with good small harbours, and from those harbours the fishermen go out in small boats to prosecute the very important and valuable lobster fishery and also in other seasons the mackerel, herring, cod, and haddock fisheries as well. In addition, we have quite a bit of activity in the important sword fishing part of the industry, and over the last few years some of our boats have had great success in this field.

We also have in Halifax a very important concentration of the deep-sea fisheries, both the salt fishery and the fresh fish industry. The deep-sea draggers, trawlers and long-liners come in out of Halifax to land their catches at the fish plants of the salt fish producers, and more importantly at the modern and efficient plants of the several large companies that specialize in fresh and frozen fillets and other fish products of that kind.

The fresh fish side of the industry is greatly assisted in Halifax by the modern cold storage facilities which are maintained there by the national harbours board and which are used almost exclusively by the fishing industry. Recently these facilities have been modernized and extended to the great advantage of the fish companies which rely on the freezing, cooling and ice capacity of this plant, and I am sure the importance of the existence of these facilities is recognized by the fisheries department as a real contribution to the expansion of the industry throughout this whole area. I might add that further extension and improvement of the cold storage facilities is required, and I am sure that in due time these additional improvements will be brought into effect.

However, Mr. Chairman, this afternoon I wanted to make particular reference in my few remarks to the research activities being carried on under the direction of the Department of Fisheries at the northwest Atlantic fisheries experimental station at Halifax. The studies proceeding there are of both a practical and scientific nature. The practical studies are in the field of the techniques, machinery and other requirements for the modernization of our methods of handling and catching fish. The problems of properly storing fish which are caught on the high seas and bringing them into port in prime condition are very great indeed. The experimental station at Halifax, and the experimental station at St. Andrews, New Brunswick, have been conducting studies and experiments which have resulted in the improved design of fishing boats, trawlers, and draggers, and in the inclusion in newly-constructed boats of this nature of special means of cooling and keeping fish clean and fresh until delivered at the processing plants.

So far as the equipment of the processing plants are concerned, they have made important contributions to the design of automatic filleting, skinning and cutting machines, and to the design and operation of automatic driers for the drying of fish; and of smoking machines for the production of various kinds of smoked fish. All these practical improvements and advances have been made freely available to the industry and they have been gladly accepted and put into use by the various branches of the industry to the great advantage, not only of the people directly connected, both operators and fishermen, but also of the consumers who as a result have received a better, more nutritious and more delicious product for their tables.

I was very interested in the reference the minister made this afternoon to the development of fish sticks. This is typical of the kind of advance that can be made in the fishing industry, and it certainly exemplifies the fact that if sufficient thought is given by the people connected with the fishing industry to new methods and new means of getting their product to the ultimate consumer in a form which is not only palatable but acceptable, also finished and easy to use, then their marketing problems are well on the way to solution.

Besides this work in the practical field, the experimental station also does important work on the basic science connected with the fishing industry. Studies are being conducted on the effect of the natural slime, with which the fish is encased in its natural habitat; on the keeping qualities and flavour of the fish; on the salts that are required in certain processes of preserving fish; and on the elimination of impurities and that sort of thing. All these basic and important studies are being carried on and there is no doubt they are producing information which will lead to the solution of various basic problems in the fishing industry.

The existence of this experimental station was, I believe, one of the main factors in the decision which was reached to establish the headquarters of the council of the northwest Atlantic fisheries council at Dalhousie University in Halifax. I believe that decision was justified in every sense of the word. We are all, I think, very pleased and consider it most appropriate that the permanent headquarters of this council should be in Canada. To us that was the main consideration, but so far as we were concerned in Halifax we felt that not only should it be in Canada but that the ideal place for it was

in Halifax. Over a period of several years many of us had brought to the attention of the various officials who were considering this serious question the reasons why it appeared to us that Halifax was the logical and best place for the establishment of these headquarters. I am delighted that our views were concurred in and that this step was taken. I hope the members of the secretariat of that headquarters are finding their stay in Halifax a pleasure, and that they will find the scientific and library facilities available to them there of great assistance in the carrying on of the important work being done by this organization.

As I understand it, the purpose of this northwest Atlantic fisheries council is to control the exploitation of what the minister referred to this afternoon as the greatest single fisheries in the world. I refer to the great fisheries concentrated around the Grand Banks in Newfoundland, and the fisheries which stretch up north into the Arctic circle in the vicinity of Greenland and Labrador, and stretch into the gulf of St. Lawrence, to which reference was made by the hon. member for Queens who immediately preceded me, and which stretch down the Atlantic coast along the banks which lie off the Atlantic coast of Nova Scotia and around into the bay of Fundy and along the Atlantic coast of the United States. This whole area is tremendously productive in fisheries. More and more we are coming to realize that the best long-range interests of everyone connected with this great industry lie in the proper conservation of these great resources and the prosecution of the fisheries in a way which will contribute to their maximum productivity without damaging the long-range future of the industry.

The hon. member for Queens read to the committee from historical works a number of quotations which indicate the prolific fishery which existed in the periods to which he referred, three hundred or four hundred years ago. After four centuries of extensive fishing we could not expect that these conditions would still exist, nor should we expect that these conditions can be brought back again without an almost complete closing off of the fisheries. However, I think we can look forward to and expect a similar experience to that which has been realized in other places. As a result of policies of conservation and proper exploitation of resources of this kind I think we can look forward to establishing in the Atlantic provinces extensive modern facilities for the preparation and production of modern fish products, with an assurance and confidence that there will be maintained a fish population sufficient to provide the raw material which these great industries require.

[Mr. Dickey.]

I am sure that few members of the committee and perhaps few members of the public, even in the Atlantic provinces, realize the tremendous expansion, in terms of capital expenditure, that has gone on in the fishing industry since the end of the war. On the Atlantic coast over the last four or five years large and important new processing plants have been built in various locations such as Louisburg, Arichat, Petite de Grat. Facilities in the industry have also been modernized and increased in Halifax, Canso, Lockeport and in many other locations too numerous to mention. These capital expenditures, for their usefulness and for their productivity, depend on the maintenance of a supply of raw fish. That is one of the main objectives of the council to which I have referred. These fisheries are international fisheries and must be shared. If they are to be shared between nations the only sensible way to organize those fisheries is by a co-operative international council such as the one that has been established with headquarters at Halifax.

In this connection I should like to mention a problem that was also mentioned by the hon. member for Gloucester. A rather embarrassing and difficult situation exists in connection with the limits which are imposed upon trawlers and draggers of Canadian registry and Canadian ownership and those which ply their trade in our waters which come from other countries. The situation is brought about by a difference in ground rules, as we might say.

Under international law non-Canadian ships are entitled to come within three miles of the coast. In other words, they are entitled to drag right up to what Canada regards as her international boundary at sea. However, Canadian vessels over a certain size are restricted to twelve miles from the coast line. In other words, there is an additional nine miles of ocean. I think that this is a situation that should not be permitted to continue. I know that it is not exclusively a problem of the Department of Fisheries. It also involves our concept of international law and would involve the Department of External Affairs. I am also aware that this question of territorial waters and international regulation of the use of such waters is an extremely confused one. However, I submit that it would not contribute greatly to the confusion if Canada were to take a firm stand that would at least put our own fishing vessels on a basis of equality with those from other countries.

I was also pleased to hear the minister refer to the steps that have been taken to organize the conservation of the Atlantic salmon fisheries over the whole Atlantic area. I think these arrangements were necessary

and perhaps somewhat overdue. The Atlantic salmon is one of our important commercial fish on the Atlantic coast and its future must be safeguarded. Not only is it an important commercial fish but, as the minister mentioned, it is an important sport fish as well. So far as sport fishing is concerned, in Nova Scotia the fisheries are free to all who wish to enjoy them. Therefore when we speak of sport fisheries for Atlantic salmon, trout or anything of that nature in Nova Scotia, there is no question of thinking of something that is exclusively the privilege of those who are better off and have plenty of leisure time to enjoy this sport. It is a sport that is open to every citizen in our province; and I am glad to say that it is enjoyed by a large majority of our people. However, they are more and more coming to recognize the necessity, in their own best interests, of co-operating with measures of conservation particularly with respect to the Atlantic salmon.

The guardian services of the Department of Fisheries have been improved over the past few years to my own knowledge and to my own satisfaction. However, I think that improvements could still be made. From contacts that I have had in my own county, I am sure that the officials of the department will find ready co-operation from a vast majority of the people with whom they will have to come in contact in connection with matters of this kind. I am sure the officials in that area will report to the minister that they find that kind of co-operation.

I was delighted particularly to hear the minister refer to the steps being taken to deal with the predatory birds that are a real problem on our streams. This matter has been discussed by the fish and game associations in Halifax. They were especially concerned about it, and I was delighted to hear the minister report that arrangements have been made whereby this scourge can be at least brought under some sort of control. I do not want to detain the committee any longer at this time, but I should like to repeat my congratulations to the minister and to tell him that the east coast fishermen and fish operators are very pleased with the way that he has taken over the responsibilities of his department. We are glad to welcome a man of such knowledge of the west coast fisheries to the east coast, and we wish him well.

Mr. Stick: Much has been said today regarding fish, and the minister has given us a splendid survey of the fishing industry for the whole of Canada. I think he has worked hard and energetically since taking office. His report today shows just how hard he has worked and the progress that has been made since he assumed office. In no sense of criticism may I say that I noticed that he spoke in greater detail of the fishing on the west coast than he did of fishing on the east. That is quite natural because he knows from a personal standpoint the problems of the fishery of British Columbia. However, we hope that in time he will familiarize himself just as much with the fishery of the east as he has with that of the west.

Newfoundland was born and spawned on fish. Over 450 years ago it was the discovery of the tremendous quantities of fish around our coasts that led to the discovery of Newfoundland and the settlements which were formed there later. Fishing has been a national problem to us through those 450 years. It is still our national problem. Anything which concerns fishing concerns the great majority of our people and the economy of the province of Newfoundland.

I was very glad to hear the minister say that the market for salt codfish is improving. I must take his word for it, but when I was home at Easter there was great concern about markets among those who export our fish. They told me that there was no improvement in sight as far as prices were concerned, and certainly they were not exporting as much as they had at the same time last year. Perhaps that situation has improved since then. If it has, I am very glad to hear it.

Mention has been made of the curing and grading of salt codfish. That has been a problem with us for very many years. May I suggest to the minister and his officials that they should give serious consideration to the grading of our fish. I suggest that instead of having a sworn culler employed by the merchant the government should take over this service and appoint government cullers so that there will be no dispute when the fishermen sell their fish as to what quality they are going to receive. The problem has been with us for many years and causes us a lot of concern. It is the cause of much dispute. I know something about the problem because I am a culler myself, and I have culled fish. If you are going to have one grade whereby the fishermen are paid according to that grade then the government will have to take over the service so that there will be uniformity of grading. I bring that to the attention of the departmental officials and I ask them to give it serious consideration.

Mention was also made of fish sticks. This is a new process for the fishing industry and it is capable of tremendous expansion. I was informed when home that one big firm in Newfoundland has had an order for 10 million pounds which it cannot supply. The hon. member for Gloucester said that this

market is capable of expansion to 30 million pounds. I would double it and call it 60 million pounds if we have the facilities to supply the market. We have the greatest and the best market in the world right on our front doorstep. That is the market that I think we should cultivate and go after. If we do I think many of our fish marketing problems will be solved.

There are over 170 million people in Canada and the United States and there is a natural increase of three or four million a year. These people have to be fed and they need fish. If our fishing industry is alive to the situation and its possibilities, if they go after this market, I feel sure it will solve many of the marketing problems we have on our hands today.

I am sorry to say that the salt codfish industry in Newfoundland has been in a depressed state for a number of years. This is not the fault of the fishermen or anybody in particular. The problem has been with us for many years and it is not easy of solution. So much so is the problem with us that our people are giving up fishing, and if it continues for a few more years we will have very few people fishing. An effort has been made this year, through the Minister of Trade and Commerce, to set up a different marketing system. I do not wish to speak about it because the government has not made any pronouncement with respect to it yet. However, the minister said this afternoon that there will be a guaranteed price to our fishermen, and that in itself will do much to get them fishing again this summer.

When I was home one fisherman asked me about it and when I informed him of this he said: "I am going fishing again". I am glad the announcement was made by the minister this afternoon because I think it is a very important one. I hope the price will be announced in the near future so that our fishermen will have some guarantee as to where they stand this year and some encouragement to prosecute the fishery as they have done in the past. This is very important, and I hope the minister or those responsible will make the announcement as soon as possible because in a very short time now our fishermen will be getting ready to prosecute the fishery.

I have one thing to say regarding scientific research. Much has been going on in Newfoundland and eastern Canada in the last few years with respect to research into our fisheries. There is one type of fish that I want to bring to the attention of the minister and his officials. It is a fish that we call capelin and it rolls in on our beaches in the hundreds of millions. Nothing has ever been done with it although it is a tasty fish and one that I think has great possibilities. I do emphasize here and now that the minister should take steps to get his research department to do something about research on this fish because in my opinion there are great possibilities if proper research is carried out. At the present time it is used mostly for fertilizer in Newfoundland. This is a waste of good food, and I think it should be stopped. I think some method should be found to process the fish and market it. I believe if it gets to market people will take to it.

Mention has also been made of the trade mission to Europe of the Minister of Public Works. We have a problem that arises through fishermen from European countries coming to fish on the Grand Banks. It has been said that this is the greatest reserve of fish in the world today. The Grand Banks lie some 110 to 120 miles off the coast of Newfoundland. So much intensive fishing has been done there in the last few years that there are signs of depletion. The international commission that has been set up must look into the matter, and if these people are to enjoy the privilege of coming to our shores and getting supplies, which they do every year and which we want to continue, then they must give us something in return. This is a bargaining point which I hope will not be overlooked by the minister when he goes to Europe. I hope he will emphasize that point. We have enjoyed the friendship of Portugal and Spain in these fishing grounds off Newfoundland for hundreds of years. We want that to continue, but trade is a two-way street. We do not want to give all the privileges to them and get nothing in return.

I mentioned this fact, and I mentioned also that I hoped the personnel of this commission going over to Europe would include a representative of NAFEL. If the minister wishes to reply, I would ask him to give me the names of the gentlemen who will form that commission. I feel that it is important that a representative of NAFEL, our marketing agency, should be a member of that commission. I advocated that a year ago when the trade commission went to South America, but nothing was done. I advocate that again now, and stress the fact that I consider it essential.

Now, we come to international conservation. Mention has been made here of the three mile limit. Foreign trawlers, some of them up to 2,000 tons, come by the hundreds to fish in Newfoundland waters. They can come within three miles of our coast. There is a lot of confusion about this three mile

limit. It is not a definite international law. It came into being many years ago when Newfoundland had a dispute with the French people over the fishing grounds, and an award was made on that basis by The Hague court. I spoke about that two years ago. It is not a definite limit, and the matter was under review by the old league of nations, who did not settle the problem, and I believe it is now under review by the United Nations.

Until a definite ruling is made there is no reason why we should adhere to the three mile limit. Our shore fishermen in Newfoundland fish beyond three miles from our coast, and there are many good fishing grounds within the twelve mile area from our coast. I feel the time has come when we should review this situation and establish a twelve mile limit the same as the United States did when they had this rum row situation some years ago. It only needs a little courage to take the step. Norway has a four mile limit. If we press for a twelve mile limit we will protect our fisheries as they were never protected before.

So far as conservation is concerned, the Grand Banks are the breeding ground for a lot of our fish, and that fish comes to our shores in enormous quantities. Any depletion of the Grand Banks is going to affect our shore fisheries. For that reason I stress the point that under these international commissions we should take up this matter of the draggers going over these grounds and spoiling the spawning grounds. This is vital to us and it is a matter which must be given grave consideration.

Another matter I wish to mention has to do with the fisheries on the west coast, and the new methods of catching herring. These herring come into the Bay of Islands in the millions, but for the last few years they have not been coming into the bay. The fishermen say it is because the draggers go out and catch them in the deep water. If these operations continue the herring will be depleted. Some people say that is the cause of it, but I do not know. It is time we had a study made, a proper survey made of that important industry so far as the west coast is concerned.

In conclusion, Mr. Chairman, may I say that if we could have a set-up on the east coast the same as they have on the west coast, which I saw in 1950, we would have no complaints in regard to this department. They have the best organized set-up that we have in Canada. We want a similar set-up on the east coast, and the quicker we get it the better. When we get it I believe a lot of our fishing problems will be solved. We are beginning a new era so far as the east coast fishery is concerned. I have far more hope today for our fishing industry than I ever had. However, it needs constant supervision; it needs the best men we can get in the industry; and it needs push and go from this department and the provincial government. It needs a strong pull and a pull all together. By doing that, I believe we can put this important industry on its feet. Then, we will not have to come here with complaints about a depressed industry.

I bring these matters that are of vital importance to the minister's attention today, and I trust that these matters will be given proper consideration and that we will have a happy industry. I know that is the aim of the minister. We will have an industry that will be a credit to this country, an industry that will be valuable to the country, and one that will grow in value as time passes.

Mr. Barnett: May I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Barnett: Mr. Chairman, like other members in various parts of the house I found the preliminary speech delivered this afternoon by the Minister of Fisheries a most interesting and fruitful one. I must say that on the basis of such knowledge as I have been able to acquire in the relatively short time I have been a member of the house I find myself in agreement with most of the policies of his department, as he outlined them this afternoon.

That is particularly true in reference to his remarks in connection with what is being done by the department in the field of conservation, and of national and international work to protect our fishing resources. I was particularly pleased to note that he mentioned the appointment of Dr. Kask as permanent chairman of the fisheries research board, because I feel from such knowledge as I have been able to acquire that the most important thing about knowledge in connection with fisheries is the somewhat astounding lack of knowledge of mankind concerning this subject, even though fishing is one of the oldest means of providing a livelihood.

There was one item the minister mentioned, about the real significance of which I have been wondering. I wish he might have expounded a little more upon it. When referring to British Columbia, as I recall it, he said that we could have our power and our fishing, too. He is probably as much or more

familiar than I am with the various suggestions advanced from time to time as to the development of the power potential of the Fraser river system; and he has probably seen more than I have of those diagrams showing the Fraser river with a long series of dams and lakes. I am wondering whether his statement means that actually it has now become possible for the full power potential of the Fraser river system to be developed and, at the same time, not interfere with our Pacific coast salmon fisheries.

He made mention of the experience in connection with the Columbia river system. I recall having read some time ago the suggestion that it was discovered in connection with that system that the principal problem was not that of getting the salmon up the stream to spawn as much as it was one of getting the young fish down. As I gathered from the article I read on the subject, when they first made power installations on the Columbia they had not realized that that was going to be the problem it eventually became, or that they were going to lose the young fingerlings as they went through the mill-races of the various power plants.

I am under the impression that some research has been under way in regard to that particular problem, and I would hope that before the discussion is completed the minister would clarify for us as to whether that research has reached the point where we have the techniques which would make it possible, as it is there, to use the full power potential of the Fraser river system and at the same time be assured that our fisheries resources could be preserved.

There is only one other point I should like to mention. I wished the minister might have said something more with respect to the plans he has in mind concerning the recently inaugurated fishermen insurance scheme. I think it is important that some consideration be given to this matter. This is particularly so in the light of the resolution standing in the name of the Minister of Finance in which he proposes amendments to the Income Tax Act which, if they become law, may affect adversely the fishermen's co-operative insurance scheme operating on the Pacific coast at the present time.

Certainly I know, as the minister probably does, that the Pacific Coast Fishermen's Mutual Marine Insurance Company is somewhat concerned about item No. 6 in the resolution where the amendment to the Income Tax Act is proposed. I would suggest that if that particular amendment does go through, and has the adverse effect the organization fears it may have, there may be need for increased consideration to be given to the extension of the present form of insurance. I realize this is not the place to debate in detail proposed amendments to the Income Tax Act. However I do feel there is a very definite connection in view of the fact that the fishermen on the Pacific coast have themselves developed a co-operative insurance plan to assist in protecting them from loss in connection with their boats and gear.

I believe that concludes all I have to say at the moment.

Mr. Patterson: Mr. Chairman, I must admit this evening that I have not spent much time during this session speaking on behalf of the fishermen in my own riding or in any other part of the country. The reason is that I have more or less left it up to the hon. member for New Westminster who, on a number of occasions has presented various arguments and made pleas on their behalf. I have lent my support to these statements as he has made them on different occasions. This afternoon I too enjoyed very much and benefited very greatly from the speech made by the Minister of Fisheries and I feel that I understand a little better the problems of fishing and fisheries than I did this time yesterday.

I was thinking that there must have come to the minister a sense of satisfaction when he listened to all the verbal bouquets that were handed to him. He has done very well in comparison with some of the other ministers who have preceded him. I fear that some of them did not receive too many bouquets. However, I am reminded of the fact—and I should like to mention this—that when the proposition regarding the closure of the Fraser river above the Pattullo bridge was first advanced I asked two questions on the orders of the day. The first one was, as reported at page 3029 of *Hansard*:

> Will the minister state whether or not a decision has been reached with respect to the closure of the Fraser river above the New Westminster bridge to commercial fishing?

At that time the minister replied:

> The answer to his question is no. I hope to be able to announce a decision before I meet the fishermen's union in convention next week in Vancouver.

I asked a supplementary question on that same occasion as follows:

> Before any such decision is made, will the minister consider the possibility of giving the fishermen in that area one year's notice so they will have an opportunity to dispose of their equipment, if they so desire, and secure a livelihood in some other occupation.

The answer of the minister to that question was that my question was not quite applicable because all they were considering

was a little earlier closure on two species of salmon in that area. Later on, a definite announcement was made that the closure was going to be put into effect. This brought forth a great many objections on behalf of those engaged in the fishing industry. I received a letter from the Albion local of the united fishermen's union protesting the measure, and there were some other submissions which set forth alternative proposals. But we are very happy to hear that the minister has given further consideration to this matter, and instead of setting the date in September as he had already stated, it is being placed at October 8 this year. I trust that before next year's closure date is reached circumstances will be revealed that will make it unnecessary to shorten further the fishing season in that area.

Although we are very appreciative of the action that has been taken by the minister, and we want to express our appreciation to him for that consideration, we trust, as I say, that further consideration will be given and some new facts brought to light that will enable him to allow the fishermen to continue fishing operations in the area between the New Westminster and the Mission bridges.

Mr. Goode: I do not know whether it is in a spirit of surprise or not, but everyone seems to think that the Minister of Fisheries has done an exceptional job on his estimates. I think the final conclusion is that he comes from British Columbia.

In regard to fishing between the New Westminster bridge and the bridge at Mission, may I point out to the hon. member for Fraser Valley that I would not say too much to my people at home about the Minister of Fisheries not doing what he says. He has been very kind this time, and I think very reasonable, in allowing these chaps to have another year, but I do not know that I would agree that fishing above the New Westminster bridge should be continued after this year.

But again I must take the proposition brought up by the hon. member for New Westminster this evening when he said that some of his people would be down in my territory to fish. The Minister of Fisheries and I will have to have a consultation about that, I hope, before the next fishing season comes around, because we have too many fishermen at Steveston now. These men are full-time fishermen. We have very few part-time fishermen. Most of my people own $6,000 to $12,000 boats. They do not do anything else but fish. That is their livelihood, and that livelihood should be protected. If you are going to allow part-time fishermen from the Fraser valley to come into the lower part of the Fraser river and fish, then I think the member for Burnaby-Richmond will again be on his feet making the same kind of fight for his people.

There is a suggestion regarding licences on the Fraser river that I hope the Minister of Fisheries will take into consideration. I am fully in agreement that there are too many people fishing on the river. The difficulty seems to be this: What are we going to do about it? Why not do this? Why not create a different type of licence for deep-sea fishing and for fishing in the Fraser river? Why not make this a solution to the whole matter, that a man must be a full-time fisherman, using that phrase "his only means of livelihood" before he can get a fishing licence. Let us stop those sport fishermen from getting commercial licences. Too many men running small cruisers are working in Pacific waters or waters adjacent to Vancouver catching more fish than they should.

As an example, perhaps I am one of those at fault. I have a small boat, and in 1952 I went to the fisheries inspector of Steveston and got a commercial licence to see just what you had to do to get one of those important documents. All it meant was that I paid $1, signed a piece of paper and I was a commercial fisherman. I do not say this to the minister in a spirit of criticism, but it should be looked into because every Tom, Dick and Harry with an outboard motor can have a commercial fishing licence.

I want to bring this to the attention of the minister. He and the Associate Minister of National Defence were kind enough to assist, and in fact did most of the work in getting the new fishing harbour at Steveston which will take care of most of our small boats during southeast gales. There is a matter, though, that I wish to bring to his attention and that is the matter of $70,000. That amount of money represents the difference between the amount in last year's estimates for this fishing harbour and the amount that was finally awarded to a contractor on the lower mainland. That $70,000 would just about take care of floats for the men at Steveston. And if the Minister of Fisheries will kindly speak to his colleague, the Minister of Public Works, and get that $70,000 spent on floats for the fish harbour at Steveston I know my people would be very happy.

I want to say something about the trade delegation that the Minister of Fisheries spoke about this afternoon. Again I think my riding can take a little credit. Mr. Ken Fraser, who is manager of the Imperial cannery at Steveston, led that delegation. In conjunction with other executives of the fishing industry of British Columbia, and

with the very great help of the Minister of Fisheries, certain negotiations were conducted in Great Britain and, as we know, a contract was given to Canada for $5,200,000 worth of canned salmon for this year. I do not think too much can be said for Mr. Fraser and his associates. That work was done by an industry working for itself and for the fishermen on the river. Too few industries in Canada try to do this work on their own behalf.

Usually when an industry gets into difficulty they come to the government for assistance. I have taken my part in this house in asking the minister to do something about canned salmon stocks in British Columbia to the point where, at one time when things were desperate, I asked for some type of subsidy. The Minister of Fisheries did not agree with me at that time and I think the reason why he did not agree with me was because he had this other arrangement prepared whereby representatives of the industry were to go to Great Britain. They did a wonderful job there and I think Mr. Fraser and his colleagues are to be highly commended and I offer my compliments to these gentlemen.

I do wish to say in conclusion, and I am keeping my remarks brief because I do not wish to speak at too great length, that there is a matter I would like to bring to the attention of the minister and that is the problem of poaching in Queen Charlotte. The minister this afternoon mentioned that a helicopter service is being used in the Atlantic. It seems to me that the problem of dealing with poachers in the mouth of some of the small rivers in Queen Charlotte could be handled in the same way. Poachers cannot be tracked down entirely by fisheries patrol boats and I believe a helicopter should be used to great advantage and I hope the minister will consider that suggestion.

I would like to mention one other thing. The minister's department has a man by the name of Mr. Rothery who is the inspector in charge of part of the river at Steveston, and I would like to say to the minister and his deputy that that man is doing a very fine job there. Things at Steveston are very good fisherywise, and I think this gentleman is responsible for the very fine relationship which exists there between the industry and the fishermen on the river.

In conclusion, I would again compliment the minister on the finest presentation of the work of a department I have heard in this house since I first came here.

Mr. Ashbourne: Mr. Chairman, I would like to avail myself of this opportunity to add my congratulations to those that other hon. members have proffered the Minister of Fisheries for the very excellent review he gave us this afternoon on the work of his department. His speech was extremely interesting and it seems to me that rather than being like a fish out of water he was entirely in his element. He has certainly obtained a very fine grasp of the problems of the fishing industry since he became the minister in charge of this department. However, being aware of his great capabilities and knowing of the success he has already achieved in the field of finance this was not altogether surprising.

Now, Mr. Chairman, this is all to the good because the Department of Fisheries is very important and we are all very proud that the minister is making such a great success of his job. We believe that as time goes on the industry will see the great benefit which will arise as a result of the aggressive work already carried out by the minister and his officials in the Department of Fisheries.

In this regard, sir, I would like to say how glad the people of Newfoundland were last year to receive a visit from the deputy minister of fisheries. He spent some time in Newfoundland and I believe that from now on we shall see a great improvement in fishery development in that province. There was perhaps a little misunderstanding in Newfoundland last year with regard to the broadcast the Minister of Fisheries made at that time, but that has now been cleared up and I understand that definite plans have now been made as regards improved marketing facilities for the sale of codfish so that the producers will obtain increased benefits from their products.

Five years have now passed since Newfoundland entered confederation and perhaps, Mr. Chairman, I might have the indulgence of the house in saying that all hon. members from Newfoundland, and we have seven in this house, are delighted to be here and I think I can speak on their behalf in voicing sincere thanks to other hon. members for the courtesy and friendship which they have shown us. I would also like to express the hope that the progress which has been evident since confederation will continue to be satisfactory and continue to be to our mutual advantage.

I would like to address myself to some of the problems facing our people today, with special regard to our fishermen. We are still, so to speak, in a transition period and we are grateful for the progress which has been made. We are very glad that an insurance scheme has been incorporated in the plans which have been brought into existence

so that fishermen can obtain some compensation for the loss of gear and boats due to the ravages of storms which in the past have caused great distress.

However, there is one other aspect of the insurance scheme which I would like to bring to the attention of the minister. I have no doubt he and the Minister of Labour already have this matter in mind. I refer to unemployment insurance and I would like to emphasize that this is one thing fishermen lack. During autumn when fishing comes to an end and the fishermen have to hang up their nets they are unemployed and have no claims for unemployment insurance. I believe though that this matter will receive the minister's full attention and I have every confidence that in time something will be worked out to assist our fishermen.

In Newfoundland we had in the past three different kinds of fishing. We had inshore fisheries which were carried on by shoremen; then we had bank and deep-sea fisheries carried on by the men who sailed the bankers. Then we had the Labrador fishery which was operated by shoremen who went to Labrador and also by floaters. Unfortunately since confederation we have seen a great decline in some of these fisheries, particularly in the bank fishery and most particularly in the Labrador fishery.

The shore fishery is dependent upon the winds and the tides. We know, of course, that fish must eat and that they have to go in search of food. Sometimes it happens that the winds are onshore winds. Just at the moment, on the northeast coast I believe there is quite a blockade of ice on account of the prevailing northeast winds that are operating down there at the present time. The fish, of course, have to depend on the winds, the tides and the currents. Generally speaking, when you have a lot of inwind it brings in food upon which these fish feed, thrive and grow. Then we get a good inshore fishery.

But sometimes when the winds are offshore the food on which these fish exist is taken far out into the deep water. Then these fish, of course, have to go out into the deeper water. Then there is not so much profit, return or proceeds from the catch because the fishermen have the toil of hauling their nets, and oftentimes they do not take many fish. Thus the necessity for going out after these fish is today more evident than it has ever been in the past. We realize that it has been necessary for fishermen to get long-liners, draggers and other vessels which go out and get the fish from the fishing banks.

In the past I think Newfoundland has suffered from the fact that too little capital has been available for investment in the fisheries. Today we realize that more fish plants are necessary. There is a need for modern fresh fish plants which will take the fish from the fishermen as they come in, split them, freeze them and get them ready for the most productive market, or in other words the market which would produce the largest number of dollars for our fishermen. To us, of course, that is the great United States market.

There was a time when Newfoundland was producing over a million quintals of codfish, most of which was salted. Today, however, we realize that many of our customers who used to buy our fish are producing their own. That has been especially so since the war. Of course, during the war there was little difficulty in disposing of fish. The greatest problem in those days was transportation. It was easy then to sell fish, provided the transportation was available. We now see that these people who used to buy our fish in days gone by are, as I said before, producing their own. They come to the Grand Banks and look for fish. The result is that we are not able to sell such a large quantity of fish as used to be sold in days gone by.

As far as the Labrador fishery is concerned, I think something special will have to be done. This is not the first time that I have brought to the attention of the minister of fisheries—not the present minister but his immediate predecessor—the need for something being done for the Labrador fisheries. There is a long section of the Labrador coast line where there is an abundant fishery. In fact, as to the fishery around the island of Belle Isle—a large producing area—I understand that at one time in Paris, France, berths for Belle Isle were drawn. That fact shows that in those days when the French were fishing on the French shore—the treaty coast, as we call it even today—there was an abundance of fish around this section. It is still a large-producing section. We realize that those who go there in schooners have gone to great expense in providing themselves with vessels and gear, and that they get an abundant harvest of fish. But the market for the Labrador fish is not what it used to be. Costs of twine, netting and other equipment have gone up to such an extent that there is not much money in fishing. The result is that many people have given up fishing on the Labrador.

As Labrador is in my riding I should like to mention another matter of which I learned during this past summer when I was visiting the Labrador coast. I refer to the great scarcity of salt which existed during last year. I think something special will have to be done in the way of providing salt depots for the Labrador. I believe this is a matter which will have to be looked into. As we know there was the royal commission on fishery development which was investigating fisheries and which brought in its report last year. This report is being implemented. I hope that something will be done to see that salt depots are provided so that when the fish are at hand the fishermen will have a ready source of salt which will enable them to preserve the fish. In that way they will be able to have some earning power. Fishing, of course, is practically the only means of employment they can have in the summertime.

At La Scie, at which I believe a large plant is to be installed, there is also available a large catch for the fishermen. In the past they have had to salt their catch, thus getting, so to speak, a much smaller earning power than would be available to them if a filleting plant were in operation there. With the implementation of the recommendation of the report of the Walsh fishery development commission I believe that there will now be installed in Newfoundland some of these up-to-date plants which will look after, not only the filleting of the fresh fish, or the utilization of the fish in the fresh state, but will also, by modern up-to-date dryers, take care of some of the salt fish which requires to be cured.

There was a time in Newfoundland when most of the fish drying was done on the flakes, a great deal of it being done by the women of Newfoundland. In those days there was quite an art in making good fish. I noticed that this afternoon the minister emphasized the quality of fish. In those days, provided the weather was good and the climate favourable, there was no lack of good merchantable fish. But, unfortunately, it seems that in the last few years the export of merchantable fish, the best quality fish, has fallen off to a considerable degree.

The fishery, which means so much to our fishermen and which, as I said before, is the only means of livelihood for many of these people, is being looked after, and I think the provision of loans for fishermen is most necessary. These men do not have a great amount of money. They need dollars in order to procure gear and fishing boats, and an opportunity should be afforded them to obtain loans more easily in order that they may equip themselves to catch fish.

[Mr. Ashbourne.]

Emphasis was placed this afternoon on the question of conservation, and it is most essential. The international treaties are of mutual advantage. The Grand Banks are and have been throughout the centuries a most important reservoir of food and we should realize that there is great need for conservation of the supply so that throughout the centuries to come the fish will be available that are so essential and necessary to provide the protein that our people need.

Then there is the question of the great seal herds that come south each year and are found off the strait of Belle Isle. During the past few months several vessels have been prosecuting the seal fishery. Unfortunately there have been some losses and the catch this year was not very good. We are very thankful that the government has provided an aerial survey so that statistics can be gathered respecting the quantity of seals available. I should like to point out the great loss to our nation in the past through allowing carcasses of seal meat to go to the bottom of the ocean when they could have provided good edible food for our population. In fact the kidneys and livers of young seals are very nutritive. I think that there should be further study of the sealing industry in order that there may be utilization not only of the pelts, the seal oil, fat and skins which in the past the fishermen have been in the habit of bringing to port, but also of the by-products so that the greatest possible benefit may be derived from these materials which are our natural heritage and which in the past have gone to waste.

Today the oil markets are depressed. The demand for oil seems to be very small. We realize also that the introduction of plastics has affected the production of leather goods. Air travel has created a need for very light luggage. This of course has reacted against the leather trade and has brought into being new synthetic materials. This has affected the livelihood of those people who engaged in catching seals for their pelts and skins and to whom the industry meant so much.

I should also like to refer to the whaling industry which is also practically extinct in Newfoundland. However, I think that perhaps a closed season is all to the good. When whale oil is so low in value it is better to let the whales go and allow them to increase until the market for oil becomes better. The territorial limits for our fishermen need to be extended and the interests of our shore fishermen protected to the utmost extent.

The delegation which will be going to Europe will be trying to bring about additional sales in our codfish markets of Portugal, Spain and Italy. We are glad to know

that the Minister of Public Works is going along and we believe that he will do a good job. There was a time when we used a lot of Spanish salt to salt our fish. When I was a boy it was a common sight to see barques, brigantines and other vessels, some of which had been built in Wales at Portmadoc, coming into port with cargoes of salt from Cadiz in Spain and from Cagliari in Italy, but today we get a lot of our salt from the West Indies rather than from European countries.

Then there is the matter of nets and Italian hemp. As we know, nylon is quite expensive. It makes a good net and good cordage, but in the old days we used a lot of Italian hemp. Perhaps that is a matter that the delegation will look into to see whether or not we might not be able to get more of that hemp from Italy because, as we are all aware, rope is a very important article in the catching of codfish. It seems to me that we must be prepared to utilize the great resources that lie at our doorstep. Today we see Russian trawlers coming to our banks to fish and Norwegian steamers steaming to our icefields. We see the value of the harvest which nature has so bountifully provided for our use slipping away from us to be used to provide products which will enter into competition with our own exports, thus further restricting the markets which we can supply.

At this point I should like to say a word to the fishermen of Newfoundland who endure such hardships in the fisheries. I would point out that so far as the Newfoundland fishermen are concerned—I do not suggest this is limited to Newfoundland—their interests are being well looked after by the Minister of Fisheries. In addition we have as our cabinet representative the Secretary of State. I am assured that everything possible will be done, in co-operation with the minister who is responsible for Newfoundland's cabinet work, to assist our fishermen in every possible way.

The prosperity of the fishing industry is dependent upon exports and world trade. Our home market is relatively small, and the loss of the world markets would deal a severe blow to the industry. Thus we see that we are in need of a more aggressive trade policy. The marketing problem is not an easy one. We are extremely thankful for the great work that has been done by the fisheries department in the marketing of the catch of Newfoundland fish, in co-operation with NAFEL. We realize the serious problem presented in the sterling area where so many of our competitors have sterling balances by means of which they can exchange their products and get other products as well. Today in Newfoundland we are dependent upon the Canadian dollar. When our customers are short of dollars, we find it is not so easy to market our fish.

The expansion that is envisaged in the Newfoundland fishery is not a mirage. It is there, so to speak, right on the horizon. The transition from salt fish to fresh fish is being realized today, and we are aware of the additional revenue that will place in the hands of our fishermen. As we get more plants, we realize there will be more employment and our fishery will have an increasing export value. We shall have an increased ability to compete in the world markets. The export markets we are able to supply are limited because of exchange difficulties, when compared with other countries that have no currency problem.

As I said before, the frozen fish markets are more lucrative markets and with the improvement in technique and lower costs we shall be in a better position to compete with other people. We are only too anxious to supply those markets that we regard as necessary if our fishermen are to maintain the standard of living we feel is necessary for them. Unfortunately, in Newfoundland there is too little hydro power. If there were a greater hydro development I feel we would be able to instal more mechanical fish driers and thus lower our costs. It would also relieve the fishermen from so much of this backbreaking work of spreading the fish on their flakes. I feel that we can be most optimistic in our outlook for the fisheries.

Personally, I have great faith in our fisheries. While in the past there have been problems which seemingly would engulf us, today we are in a better position. We can look upon the future with more hope and a better realization of our great heritage. We must put forth a united effort in striving towards this goal, with a firm faith in our ability to achieve success and full prosperity in the great fishing industry.

Mr. Gillis: While listening to this discussion, Mr. Chairman, it struck me that within the past few years our fisheries have become rather important to the government, and have received considerable attention. I can recall the time in this house when there were perhaps two of us, and I was one, who took part in this debate. The reason was that up until the appointment of the Hon. Mr. Mayhew I thought that the fisheries department was a place in which a member was put to get him ready for appointment to the cabinet sometime if he showed promise. The result was that not much was done about fisheries.

Listening to the minister this afternoon, with his comprehensive survey, it was rather

encouraging. He has taken hold of a department with which he was unfamiliar when he started. Today he exhibited a good grasp of the subject, to the extent that I feel he has disarmed practically everyone who had some criticism to make. While the minister is entitled to all the credit we can give him, we must not forget that the minister cannot do the job alone. A good minister, and a smart minister, will always have smart men around him. The smart men around him, like the deputy minister, cannot do very much either unless the minister has some intelligence and some flexibility. It appears that the fisheries department is now fortunate in having that combination. They have a team that is working. There is no doubt but that the whole industry will benefit from this.

Listening to the last speaker I was struck by the fine speech he made and I want to agree with him about expanding the Unemployment Insurance Act to take in the fishing industry. We have had this subject up in the house on a good many occasions. The Minister of Fisheries does not have jurisdiction in so far as that question is concerned, but he could use his good offices and his persuasive powers upon the Minister of Labour to make sure consideration is given to bringing these fishermen under the Unemployment Insurance Act. The last speaker made a good survey of the fisheries in Newfoundland. He said he could look forward with a great deal of optimism to the future. I do not want to be a wet blanket but it is going to take more than optimism to solve the problem for the fishing industry.

For the past number of years the fishing industry has been going through much the same change as most industries in Canada, and that is a technological change. The fishing industry is becoming a mechanized industry, and that is true all over the world. There is more and more fish being produced. Before the minister puts his estimates in final form, there is something I should like him to look at and comment upon.

A good deal of our fish production goes to the United States. This evening's news indicates that the United States is giving authority to those responsible for imports and exports to set up quotas and/or tariffs on fish. Well, it is going to take more than optimism to get around that. If a country that takes a large share of our fish is arriving at the conclusion that it can solve its problems by fencing itself in, by putting up tariffs and embargoes against imports from this country, such action of course can be followed only by retaliation and chaos so far as international marketing is concerned.

[Mr. Gillis.]

Before the conclusion of his estimates I would ask the minister to take a look at the proposals made within the last few hours by the United States to see how it will affect our industry in Canada. I am concerned about this because a large share of the fish caught on the east coast goes to the United States. While my own home town is recognized as a mining town, there is also at that point a large sword fishing industry valued at about $2 million a year. Almost the total catch goes to the United States. I am wondering if the attempt in that country to fence themselves in, so far as fish, lead, zinc and other commodities are concerned, will militate against the continuing of the industry as it is today, to say nothing about its expansion.

That was my principal reason for speaking at this time. In the final analysis the minister and his department are up against the question of world trade. While he has done an excellent job in making the people of Canada fish conscious, more can be done. I believe it is correct to say that more information has been disseminated among the people of Canada from his department during the past couple of years than has ever happened before in the history of this country. That has been good work, and there can be no doubt that while we wish to build up our own home market we depend largely upon the export market.

With trends as we see them today there is a possibility that we may run into some difficulties. Many valuable things have been done by the Department of Fisheries during the minister's term of office. The finalizing of the agreements in the Pacific and the Atlantic, and the setting up of these commissions were things that were badly needed. It was also a great honour for Canada when the deputy minister of fisheries was selected to head one of these commissions. I believe this is an indication that perhaps Canada is paying more practical attention to the problem than any other country. I believe it is generally recognized and appreciated that our deputy minister is just about the last word, so far as a knowledge of fisheries is concerned. Of course there is a very good reason for that: He got most of his practical education from the standpoint of administration in Nova Scotia. Then, like many others from that part of the country, he has had to go far afield to demonstrate his ability. A good job is being done in formulating the kind of organization that not only protects the industry and assists in marketing, but also adds to the general education on the subject. The machinery is in good hands, and it is clear that some planning is being made in connection with the whole question of production and marketing, as well as technological changes, and all that sort of thing.

However all this is not going to do much good unless we can sell the fish we catch. I would appreciate it if before we finish discussion on the fisheries estimates the minister would give an analysis of what is going on in the United States, with particular reference to its relationship to the future of our fishing industry.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Chairman, in view of the discussion that has taken place, and the comments made by so many hon. members, I shall endeavour to make my comments brief. However there are two or three observations I should like to make.

May I say at the outset that a year or so ago the Minister of Fisheries visited the constituency of Shelburne-Yarmouth-Clare; in fact he visited on two different occasions. On each occasion he made an excellent impression, not only on the members of the fishing industry but also upon the fishermen in the boats. He talked with many of them, and they felt that there was at the head of the Department of Fisheries a man who was really interested in their problems. I do feel the excellent presentation he made this afternoon, when he gave a résumé of the work of the department during the last year as well as an outline of future plans for expansion, research, inspection and the like, was such as to make hon. members realize more than ever how fortunate we are that the Minister of Fisheries is a man of the calibre of the present incumbent.

Last year when we were discussing the fisheries estimates those of us from the fishing constituencies were extremely worried about the marketing situation. However we went through that bad period. We know the situation has been getting better, and we know also that right now it is much better than it has been for some considerable time. When I was home at Easter, and on another occasion three weeks before that, I talked with many persons engaged in the fishing industry. They told me that some of the markets were improving, that others had improved a great deal, and that they looked for improvement in other directions. There was an altogether different spirit to that I had noted in the previous year. Those of us from Nova Scotia are particularly pleased that it should be our own Nova Scotian minister (Mr. Winters) who should be heading the delegation to the Mediterranean countries with a view to improving markets in that area.

I was greatly pleased by the description the minister gave of the method of manufacturing fish sticks. I know many people are asking what these fish sticks are. His explanation was clear, brief, and concise, and I believe it will mean that people throughout Canada who will read about the speech he has made will have a better idea of what this product is, and that it will lead to further sales. It appears to us that the manufacture of fish sticks is going to mean a great deal in increasing the consumption of fish.

I recall that two years ago when speaking in this debate I was very much upset about the loss of fishing gear, particularly boats and lobster traps. I remember that on that occasion members in all parties spoke about the need for some form of insurance or indemnity plan. Last year, when the estimates were discussed just before the close of the session we had very little time to speak about the matter, other than to thank the minister for having introduced the plan. I would like to say that although it was received with some doubt, as is usual in connection with any new plan, I have found upon talking to fishermen in my constituency that more and more are accepting it, and are finding it most helpful. I would appreciate it if, before the discussion is completed, the minister would give us some idea of the number of fishermen who have applied for coverage, and those who have applied for an indemnity because of losses they have suffered. I believe that in a free enterprise economy the setting up of some sort of indemnity plan is by far the best procedure. I do know that many fishermen in my area are pleased with it, and I am sure that as time goes on we will find most of them will seek this form of coverage.

I speak of the insurance plan particularly as it covers boats and lobster traps. I would ask the minister if at a later time he would give us some idea of the success of the new metal lobster traps. I know that in the first instance there were fishermen who felt that lobsters would not enter a trap unless it was made of laths. I am now given to understand that the lobster is not so particular, and that he will enter a metal trap if it is the right shape and the right size, provided it contains the necessary bait. I know experiments have been carried on, and I would appreciate his telling the committee as to their success or otherwise, and whether the cost can be brought down to a point where metal traps would compete with traps made of laths.

I mention problems concerning lobsters particularly because the constituency of Shelburne-Yarmouth-Clare, which I have the honour to represent, is the constituency which does an exceptionally large lobster business. In fact, it is in that constituency in the course of a year, during those months of the lobster season from December 1 to May 31, that about 10 million pounds of lobsters

are caught, which are shipped to the United States. The net return to the fishermen is $4 million or more for that amount of lobsters, and it is new money that comes into the country. Not only that, but it is that constituency—I may be pardoned if I mention such a fact—in Nova Scotia which in point of production, that is in poundage and dollars, does a larger fish business than any other constituency in the province.

On other occasions when I have spoken on the fisheries estimates I have referred to this anomaly which we have on the coast of Nova Scotia because of our two limits, the three-mile limit for draggers of all other nations but our own, and the twelve-mile limit for our own draggers. This means that there is an area of water from the three-mile limit to the twelve-mile limit; in other words, there is a nine-mile preserve for fishermen of every country but our own. I have discussed this with departmental officials; I have read articles about it; I know of the troubles of defining territorial waters, but I do hope that the studies that are being carried on at the moment may lead to some solution to this problem so that our fishermen are not penalized as they are at the present time. In other words, it appears as though all of us should have a twelve-mile limit, or all should have a three-mile limit.

There is one other point that always comes up when draggers are mentioned. The inshore fishermen continually complain of the wastage of draggers. I know that in the past I have been told that the wastage is only 5 per cent or 10 per cent, but the fishermen tell me that sometimes it runs as high as 50 per cent. I do not know how one can prove the percentages. The larger meshes that are being used will of course make some improvement. I understand a great deal of that is being done voluntarily, but to the best of my knowledge there is no international decision that there shall be an increase in the size of the mesh.

I promised to be brief, Mr. Chairman. May I ask the minister when he speaks again to tell us of the success of the steel traps, and make some comments about the problem, particularly along our coast, with respect to the three-mile and the twelve-mile limit. Then, I should like him to give us some idea as to the success of the insurance or indemnity plan for traps and boats.

Mr. Macdonnell: Mr. Chairman, it is a very bold thing for a man from an inland town to try to venture into a talk on fisheries. We have some water in Greenwood. We have a little river that runs through it called the Don, and some of you have passed over it, but I would not willingly give my Liberal opponent in the next election any fish that came out of the water to which I have referred.

Really the only excuse that I have for getting to my feet is to come to the protection of the minister. I come to his protection before he is completely swamped, flooded, overwhelmed by the avalanche, the cataract, of praise which he has received. But it is not because I could not join in it. I was not able to hear the minister's speech but I went and read it in *Hansard*. I found it very interesting. But I think there is really a limit to everything, and I thought I would at least give him a few minutes' respite. He thanks me, and I am grateful that he does.

There is another thing that occurred to me, too. It is a matter of regret that I see that the Secretary of State is not in his seat. It seems to me a great pity that the hon. member for Bonavista-Twillingate is not going to take part in this debate because we have heard sagas of his election. We have heard echoes of his addressing audiences on the shore with a heaving stomach from heaving ships, and I do feel that he should be heard. It seems to me it will be too bad if he does not speak in this debate. Why, it would be as if a man from Toronto did not refer to the subway; as if an hon. member from Saskatchewan did not speak of the Saskatchewan river and the pollution thereof; as if the hon. member for Winnipeg North Centre did not take part in a debate on pensions.

Having said that, I just want to come back for a minute not to criticize but really on the minister's behalf to express relief that apparently there is still something left for him to do. As I listened to some of the speeches I felt that he was like the Creator with nothing left for him to do except to survey his work and say that it was good.

As time went on I began to see that there are things to do, and it greatly relieved me because I am sure the minister is industrious and he does not want to have time hanging heavy on his hands. As I listened to the speeches I felt sure at first the situation must be that the price of fish had ascended inconceivably high; that the costs had gone inconceivably low; that the profits were inconceivably great. I am not quite sure that is so. The minister will tell us when he comes to speak further.

I have gathered, as I listened to the speeches, that there are some things still to do. I gathered that the kidneys and liver of young seals still need some study. That is a matter for the minister to concern himself with. I gathered the price of twine is not all that it might be, and I did gather also that there is such a question as international trade,

and it is on that, that I should like to ask the minister just one question. I read his speech carefully enough, and I did not observe that he said anything in it about Brazil. He mentioned several other countries, but he did not mention Brazil. I noted also that the hon. member for Grand Falls-White Bay did point out that the trade in Newfoundland was not nearly as great as it used to be, and I gathered that Brazil used to be one of its great markets.

In that connection I just want to raise the question in general so that the minister can explain it to us. When he comes to that he might perhaps in his stride explain the statement which was made by the Minister of Trade and Commerce, who I gather has now taken over the trade aspect of matters, in a speech made last February, in which he said something that I could not understand and which has never been explained yet. The minister said, as reported at page 2105 of *Hansard*:

> Today I was reminded that our sales to South America are off, and it was suggested that my trip may be the reason.

Hon. members will recall that the Minister of Trade and Commerce made a trip to Brazil early in 1953, and most of us had the idea that he went down there in order to try to increase trade with Brazil. It is a fact that when he came back there was a rather remarkable falling off. The minister explained that in a way which was really something. I pass this on now to the Minister of Fisheries who is a very resourceful man and I am sure therefore he is going to have a very good answer to this:

> Today I was reminded that our sales to South America are off, and it was suggested that my trip may be the reason. May I say that the reason I went to South America was that our markets at that time were abnormally high. Since then dollar difficulties in several of the South American countries, particularly Brazil, have caused restrictions of exports from dollar countries.

I am going to be commendably brief, too. I shall be glad if the minister will make a note of that and perhaps comment on it later. He will no doubt deal more particularly with the question of prices, and include that among the other things which he comments on in his reply.

Mr. Stuart (Charlotte): Mr. Chairman, hon. members who have spoken tonight have tried to be brief, and although it seems a little doubtful that we might finish with fisheries estimates today I shall try to be brief myself. I would wish, however, to congratulate the Minister of Fisheries on the presentation he made here today. I am not going to be a bit backward in doing that because I feel it was the finest presentation of fisheries that I have heard in the House of Commons in the nine years I have been here. At the same time I also wanted to say I believe that in the short time that he has been at the head of this department he has gained the confidence of those in the industry, including the tens of thousands of fishermen right across this country. They believe he is doing a good job, and I believe he is doing a good job.

In his remarks today the minister hit on one thing with which I would like to deal for a few minutes. The minister referred to the quality of fish being produced today and compared it with the quality of fish produced a few years ago. That, to my mind, is the key to the whole situation. In years gone by we did not have the equipment and were not in a position to send high quality fish into the cities in this country and in the United States, but with the help of the research board and other branches of the Department of Fisheries there has been a great improvement over the last few years. I believe that the inspection service which has been set up is doing a very good job in this regard. The thing for us to do now is to fight for better quality and when we do get that better quality there will be better markets, and I am sure we will have much happier fishermen.

I would like to address myself briefly to the situation within the industry generally and just emphasize a few points which the minister, in the short time at his disposal, did not have time to deal with. One hon. member a few moments ago pointed out that last year the fishermen were not looking forward to a very bright future. But I believe we have passed over that period and at the present time it would appear in the maritime provinces that the stocks of fish are practically cleaned off the shelves and out of the warehouses.

In the sardine industry, in which I am particularly interested, the only thing we have to worry about now is catching the sardines. The stocks that were on hand two years ago are completely exhausted but the price today is very reasonable and the demand is good. If we can now catch the sardines for the canneries I am sure our sardine fishermen will be happy once again.

On two occasions since I came to this house last November I have brought up the matter of loans for fishermen. I realize that this is an immense problem for the minister of the department in endeavouring to work out a plan which would provide loans for fishermen in all parts of Canada. However, I know that the minister has taken this matter under

consideration and I hope he may be able to devise some plan whereby these particular primary producers, when they find the going a little tough, will be able to borrow sufficient to enable them to carry on in that business that they, their fathers and forefathers have been in for so many years. We have had short periods of prosperity in the fishing industry, but to a greater extent we have had those periods when it is nothing but long hours, hard work, and insufficient returns for the amount of work and worry involved.

There is one other subject I wish to bring to the attention of the minister and I hope he will be able to give it his serious consideration. I believe that on the Atlantic coast line, in the bay of Fundy area particularly, we should have a scientific study to see if we can determine the cause of the great variation and irregularity in the catch of sardines such as we have had over the past few years. It may be a problem which is nearly insurmountable, but it is one which I believe can be solved. I am not going into this matter in detail, but I was in the sardine industry as a very young boy and I remember 1917 was a year of scarcity all over the bay of Fundy. We had an average year in 1918 and it carried on like that until 1923 when we again had a year of scarcity when we caught practically no sardines at all. We have had periods of plenty and even longer periods when we were unable to get sufficient sardines to take care of our costs.

Oil engines were first introduced when I was a boy and I remember that the fishermen in those days were convinced that the oil engines were responsible for the great decrease in the catch of sardines. Then as time went on other electrical devices were introduced into the sardine industry such as sounding equipment and some fishermen were convinced that they were responsible for the great decrease in the catch. Others are firmly convinced that winter seining is responsible for the great decrease in the catch in other years. But during the last sixteen months the catch of sardines in that area has been well below average and at the present time it is a great worry to the fishermen and to the canneries also who employ hundreds of men and women on that coast line.

If we could get some assistance from the fisheries department and from the research board in this type of survey I know it would be much appreciated by those in the canning industry and by the fishermen themselves. I am not criticizing the fact that we are furnishing funds in other parts of the world to make studies of a similar nature. I think they

[Mr. Stuart (Charlotte).]

are wonderful investments and I support them one hundred per cent. But I believe this is one particular branch of the industry which should have a thorough investigation and I believe it would be well worth while.

I would just like to refer briefly to a statement made in this house a few days ago by the hon. member for Moose Jaw. His name has been mentioned here today already. But in the speech he made when he set out to save many millions of dollars for the Canadian people he mentioned and criticized the fact that this government had—but perhaps I should read his remarks. He said as reported at page 4333 of *Hansard*:

> In the year 1952-53, according to the public accounts, 20,000 Canadians were treated under the provisions of the act—

That would be the sick mariners act, as it is known on the coast line.

> —and 89,000 foreign seamen. That year the cost of the service to the taxpayer was $588,000. Yet, the revenue collected on duties was only $340,000, or a net loss of about $250,000. Perhaps there are reasons why my suggestion would not be feasible, but it seems to me that it would be logical to increase the duties which are charged for this service until they cover the cost. If that could be done I suggest that the taxpayer could be saved in the neighbourhood of $250,000 a year.

The hon. member for Moose Jaw goes on to say that this would constitute a great saving which could be made for the Canadian people. I want to be fair at the outset and state most sincerely that I do not believe that the hon. member's statement meets with the approval of the majority of the members of the C.C.F. party.

Mr. Herridge: You are quite correct in that statement.

Mr. Stuart (Charlotte): But nevertheless the statement was made, though I do not believe the hon. member stopped to consider that this is a reciprocal agreement. If we had Canadian seamen in some foreign port without a dollar in their pockets and in need of hospital care or a doctor's attention then it would be provided under this agreement. I paid into this sick benefit fund for many years and I was fortunate enough never to be obliged to seek benefit under it and for that I am thankful. However, I do believe this is one matter the hon. member for Moose Jaw might well have left alone, particularly in view of the fact that he has strongly supported the building of the South Saskatchewan dam at a cost of well over $100 million. He has supported that project in the House of Commons even though competent engineers have decided that they could not make a favourable report on that project.

The hon. member has also suggested on various occasions since I have been in this house that a federal fund should be provided to supply fresh water for the city in which he lives. He has spoken on that matter on several occasions and all I can say is that in eastern Canada when we want a water supply in the cities and villages the taxpayers in the particular locality set out to provide it for themselves.

But in this case when the men who go down to the sea in ships are protected by this insurance fund the hon. member for Moose Jaw saw fit to criticize the fact that it was costing the taxpayers of this country $225,000 per year. Let me say at this point that I stood on my feet and supported a grant of $65 million for the western farmers of Canada and I would add that it would take something like 260 years, if my figures are correct, for that same amount to be claimed by the fishermen and seamen in this great country of ours.

Another comparison I might make while I have this matter in mind is that this sum mentioned by the hon. member would be only 50 per cent of the amount paid out in annual grants to the maple sugar producers of this country for the purchase of aluminum pails. I regret that the hon. member for Moose Jaw saw fit to suggest this great saving of $250,000 at the cost of those men who go out with no other protection than their own two hands, and that he would apparently deny them the protection which they have enjoyed for a great many years under this act.

I could point to individual cases with which I have had to deal over the past year in which men were hospitalized when they did not have a dollar to their name, and without this protection I am doubtful as to whether their families would have been able to carry on. I am sorry that the matter was ever raised in the House of Commons. If the hon. member for Moose Jaw had just taken a few minutes to get some particulars, not only in this case but in other cases that he mentioned, I am sure that he would not have put on record some of these great savings that he was going to make for the Canadian taxpayers.

Mr. Herridge: I agree with you.

Mr. Stuart (Charlotte): I was greatly interested in one statement made by the Minister of Fisheries today. That was when he stated that 80 per cent of the fish and fish products of this country of ours must be exported. When my friend to my left, the hon. member for Greenwood, was speaking just a few minutes ago, I thought I might bring that matter to his mind. He and others in the House of Commons—and I am not criticizing them for it because it is their belief—made a great plea for protection. There is a good example that I can bring to his attention tonight showing why I am bitterly opposed to protection. That example is that 20 per cent of what we produce in the fishing industry in this country is consumed in Canada.

Mr. Macdonnell: Would the hon member permit a question?

Mr. Stuart (Charlotte): Gladly.

Mr. Macdonnell: I just want to ask him if he is aware of the fact that the party to which I belong supported GATT and the trade which it sought to bring, throughout the years ever since it was brought in?

Mr. Stuart (Charlotte): I am not disputing the hon. member's word, Mr. Chairman. But I have seen him get to his feet in the House of Commons since last November on two or three occasions and plead for these poor manufacturers of electrical appliances in Canada who are being so terribly pushed around.

Mr. Macdonnell: Will the hon. member permit another question? Did he ever hear me ask for an increase in tariffs?

Mr. Stuart (Charlotte): I certainly did.

Mr. Macdonnell: May I ask the hon. member when?

The Deputy Chairman: I think I should point out to the committee that two hon. members cannot have the floor at once. The hon. member for Charlotte has the floor.

Mr. Macdonnell: I am asking the hon. gentleman if he will be good enough to look in *Hansard*. I am quite satisfied that he wil' find no reference to an increase in tariffs made by me.

Mr. Stuart (Charlotte): I cannot tell the hon. member the page of *Hansard* but when the legislation in connection with dumping in Canada was being discussed in this house the hon. gentleman to my left, standing where he stood just a minute ago, stated to the Minister of National Revenue that he was most hopeful that when this matter was under consideration those who manufacture electrical appliances in this country would not be forgotten. Is that asking for protection or is it not? I can find that in *Hansard*, and I shall be glad to do so tomorrow.

What I wanted to say was this. The figures put on record today by the Minister of Fisheries give a clear indication why the people down in the maritime provinces are bitterly opposed to protection. The matter was raised today by the Leader of the

Opposition when he was anxious to know from the Minister of Fisheries whether this statement in the press or over the radio was true with regard to embargoes that were being put on Canadian fish going into the United States. We have always enjoyed those markets in the United States. We have always had free entry into those markets in the United States. I can assure you that we appreciate them. I do not wish to see anything done in this country—and I realize that at the present time there are many people who want it—to create a feeling between those two countries which might bring about a tariff war. That is the last thing I want to see. The freer exchange of goods there is over this great boundary of 3,500 miles, the better we like it down there. This is just another example. There are many other commodities I could mention but they would not come under the matter we are now discussing. I could mention wood pulp and many other products which would be in the same category.

We are most dependent on foreign markets. For that reason we do not want to see anything done that would be harmful in any way to those markets which we have enjoyed for many years. I really hope to see the day when the barriers might be taken down completely. When that is done I believe you will see much more happiness on this side of the border. You will then see a much better chance of having a peaceful world to live in. As I have stated on many other occasions, the troubles we have encountered down through the years in too many cases have been brought about by one country refusing to do business with another. You can never have a happy and contented people when one is trying to be just a jump ahead of the other all the time in connection with tariffs.

There is just one other subject I will mention. I have now spoken much longer than I had intended to speak. In his remarks today the minister also mentioned the fact that out in British Columbia they had been most successful with the provincial legislature, the federal legislature and business generally in making arrangements which were agreeable to all concerned where rivers were being obstructed by dams for power purposes and others. This has been a problem down in our section of the country also, but to a much lesser extent than in British Columbia because our rivers are much smaller. However, I want to bring to the attention of the minister the St. Croix river which is the boundary line between the state of Maine and the province of New Brunswick, and in fact of Charlotte county. For many years we enjoyed an extensive salmon industry on that river. Dams were built for mills that are operating there today. There was pollution which was never properly taken care of. For many years the river was neglected and it was considered perhaps to be a hopeless case. But the officials in the state of Maine have been interested in the project for quite some time and in a recent survey it was determined that the water there was "B" water, as I think it is called; at least it is water in which fish thrive without any worry.

I talked to some of these officials myself, and I have found that they are firmly convinced that this river can be made a great salmon river once again. Below the Canadian Cottons mill there is a fishway that has not been kept in repair for many years. In their estimation it would not be a costly matter to have that river put once more in a position so that salmon could go up the river. In their estimation it would mean hundreds of thousands of dollars to the citizens in that county if the river could again be opened for sport fishing. I would ask the minister to look into this matter carefully. I am sure he will find that the officials in the state of Maine are prepared to go ahead with this project at any time the department here would be interested in doing so.

I shall now resume my seat. But before doing so I again thank the minister for a most comprehensive statement. I am sure that the fishermen in the section from which I come will be most pleased to receive the story he had to tell in the House of Commons. I believe there are one or two more hon. members who wish to speak tonight; it is quite apparent that we shall not finish. However, I shall resume my seat at this time.

The Deputy Chairman: Shall the item carry?

Mr. Sinclair: Mr. Chairman—

Mr. Green: Before the minister replies, I should like to ask him two questions. The first one has to do with a submission that I received—and no doubt he received it also—from the United Fishermen and Allied Workers Union about three months ago concerning the Japanese sending out expeditions to catch salmon in the vicinity of the Aleutian islands. It is apparently what is called an offshore salmon expedition. This submission shows that they are catching increasing numbers of salmon each year and indicates the fear that these particular salmon may be salmon which have spawned in British Columbia rivers and lakes. I should be glad if the minister would explain just

what the view of the department is on that particular question. The minister said this afternoon that the fishing is being done farther and farther out to sea. It may be just possible that this particular type of offshore fishing will affect our own coastal fishing very seriously.

The other question on which I would ask him to advise the committee has to do with the crab fishing in Hecate strait. As he knows, I raised that question last year. My information is that the Americans are taking a larger and larger proportion of the crabs from that strait. In fact one informant says that they will get 80 per cent of the crabs that are taken outside the three mile limit. Apparently Canadian fishermen cannot get their catch into the United States market without paying duty whereas American fishermen take these crabs from what we consider are Canadian waters and get them into the American market as American crabs. There is a fear that the whole crab fishery in Hecate strait will be ruined by the Americans. Apparently they are running short of crabs in their own waters and there is some danger that they will move into Hecate strait in a big way and clean out the fishery there.

I know there is a commission going into the whole question of what should be considered Canadian territorial waters, but I suggest to the minister that Hecate strait is really between two parts of Canada, the Queen Charlotte islands and the mainland, and should not be considered in the same light as territorial waters on the ocean itself. It does seem to me that Canada should take the position that Hecate strait is Canadian territorial waters. Other nations have taken a similar position in recent years. I have a list here of quite a few countries. Referring to one of the bulletins of the fisheries council of Canada, I see that the Australian government, for example, apparently has imposed strict territorial control over pearl fishing in the waters on the continental shelf. Other countries have taken a stand.

The present government policy seems to be to wait for the report of the commission and then after that take up the question at the United Nations. By the time we get all that rigmarole finished there will be no crab fishing left in Hecate strait. I do suggest with regard to that particular strait that it should be possible for Canada to take the position that these are Canadian territorial waters.

Mr. MacLean: Would the minister be kind enough to permit a brief question before he answers? Will he make a statement clarifying the significance of the news report from Washington this afternoon—

Mr. Sinclair: I have already been asked.

Mr. MacLean: Yes, by the hon. member for Cape Breton South, but I should like clarification particularly as to what effect, if any, this will have on the export of lobsters to the United States.

Mr. Fairey: In view of the Japan-United States-Canada treaty, perhaps the minister would like to explain to the house if anything is being done of an exploratory nature in the search for other areas of fishing on the Pacific coast.

Mr. Sinclair: In the fifteen minutes left I will try to touch quickly on the main points raised by various members. First of all I want to express my appreciation for the many kind things said. It was refreshing to have my friend from Cape Breton and my friend, the financial critic, the hon. member for Greenwood, bring me down to earth with the remarks they made. I completely agree with the hon. member for Cape Breton South that whatever has been done in the fisheries department has been due mainly to the very excellent staff in our department, in the research stations and on our international commissions.

The hon. member for Esquimalt-Saanich spoke first and asked what we were doing about the inspection of fish on boats and packers. It is quite true that that is the place where some careless handling does occur. At the moment what we are trying to do is to step up our inspection of plants. The co-operation of the provinces is necessary in that because they do the licensing of these plants, but we expect in the next year to have very much closer inspection in the plants themselves, and that of course will apply to the fish going through the plants. Perhaps at a later stage we may actually get to the inspection of the fish on the boats.

As far as territorial waters are concerned, several members have raised the question. It is quite true that we have a special legal committee making our submission to the government on the matter, but in the meantime two of the extensions in other countries to which the hon. member for Vancouver-Quadra referred are being taken to the international court. It is easy for a country to shove out its boundaries and declare that their boundaries are farther out, but other countries, who have had historic rights to fish these waters protest that action. I do not think that any action will be taken until there is a decision, if the case of Britain and Iceland is taken to the international court, the case which has given rise to this whole question. A country like ours, which has valuable inshore fisheries, is naturally anxious to have more than a three mile limit.

That is one of the reasons we keep our own trawlers twelve miles out, to show other people that we do believe we should have control out to twelve miles.

The hon. member for New Westminster asked me whether, when the closure goes into effect on a portion of the Fraser river, the fishermen who are prevented from fishing there will be allowed to fish elsewhere. They will be so allowed. At the present time they are of course restricted to their own part of the river during the open season.

The hon. member for Gloucester asked whether or not we could not give a warning of changes in the regulations. We do that on the west coast. Every year the whole industry, fishermen, fish plants, our scientists and the sport fishermen, send their suggestions for changes in the regulations to the department. We print all those and circulate them without comment. Then the comment comes in, and at the end of that period we make our decisions on changes. We are going to start a similar process on the east coast.

The hon. member also mentioned the oyster development on the east coast. Oysters are one of the few fish which we cannot produce in sufficient abundance for our own market. We certainly are anxious to increase our oyster production in Canada in every way we can.

The senior member for Halifax and the hon. members for Trinity-Conception and Gloucester all mentioned the matter of our trawlers. We do keep our big trawlers twelve miles offshore. We do this partly because we believe that is where our territorial waters should be and also to give our smaller draggers a better chance inshore. Of the three members who spoke one wanted the trawlers kept out and the other two wanted the trawlers let in. However, that policy is under study today.

Several members spoke about unemployment insurance. The Minister of Labour is conducting a further study and the fisheries department of course is offering all the facilities of our department to aid in that study.

Mr. Macdonnell: May I ask a question with respect to the twelve mile limit? I was not quite clear whether the minister said we were respecting that as a matter of principle or just for the larger vessels.

Mr. Sinclair: As far as we ourselves are concerned, we keep our large vessels, the Canadian trawlers, twelve miles out. The embarrassing thing is that other nations can bring their trawlers up to our three mile limit because they are on the high seas. We have no control over them on the high seas, but having control over our own ships we keep the big trawlers out twelve miles.

The hon. member for Queens asked me about the increase, if any, in the lobster catch. The lobster is like the salmon on the west coast. It is a completely controlled fishery. We think we are just about at maximum production now because of the even level of the catch in recent years. What we are trying to do now is to increase the size of the lobsters caught by a slight increase in the legal size.

The hon. member for Halifax spoke very glowingly of our experimental station in Halifax, which is one of the best in this part of the world, and on the work that has been done. He asked for an improvement in the guardian service on the rivers. We are increasing our seasonal protection staff in the Atlantic provinces in line with the increased conservation program that we are launching with the provinces.

The hon. member for Trinity-Conception seemed to suggest that I was spending more time on the west coast than I was in the maritimes. The whole fisheries department, I think, spends much more time on the problems of the east coast, especially those of Newfoundland. The west coast is a highly organized fishery. Both the operators and the fishermen are highly organized and they pretty well take care of themselves. It is in Newfoundland and on the Atlantic coast that most of the fishery problems seem to arise.

He mentioned the depressed state of the salt cod industry. It is quite true that we are taking a first class fish, processing it in a rather primitive way that has not changed much in 400 years and then selling it in low price markets of the world, the Mediterranean and the Caribbean areas. We are trying to get away from that in our development program. We are trying to get more and more of that cod turned into fresh and frozen form and sold in the highest priced markets of the world, Canada and the United States. This fish stick development will certainly be of great aid in that.

Then, there was the matter of the capelins. The capelin does come in millions, and it is a very tasty little fish in the fresh state. It is very like the eulachon. It is, however, a very oily fish and it is difficult to preserve, but it does serve as the main food for cod.

My friend asked for the names of the members of the trade delegation over in Spain and Portugal now. There is Mr. Bull, the deputy minister of trade and commerce; Mr. Schwartzman, a tariff expert from trade and commerce; and Mr. Laws, the secretary-manager of NAFEL. They are there negotiating on tariffs. The actual signing committee

which will go later will be made up of the Minister of Public Works and my deputy, Mr. Bates.

The hon. member asked also for an increase in herring exploration on the west coast of Newfoundland. We have done quite a bit of work on herrings in the gulf of St. Lawrence. There is still a great deal to be learned about the herring runs there and the sardine runs. This is one of the reasons for switching of the heads of the biological research stations. Dr. Hart, on the west coast station at Nanaimo, who has had a great deal of experience with herring and salmon, is being transferred to the east coast station at St. Andrews. Dr. Needler from there is being moved to the west coast because he has had a great deal of experience on international commissions. We want to make studies in British Columbia on groundfish and crustaceans.

Then the hon. member for Comox-Alberni spoke about the problem of dams. It is quite true that it is not an easy problem to get the spawning fish up past the dam, but it is a much more difficult problem to get the little fingerlings down. Often in going over the dam they are dashed to death, and if they go through the spillways about 25 per cent are lost because of skin burns. Our research people and those in the United States and on the commissions have done a great deal of work on guiding fingerlings down the ladders by sound, by light and by electronic impulses. Progress is being made, although we have no certain solution as yet.

The hon. member for Burnaby-Richmond asked me to help him with some public works project relating to fishermen. The final decision, of course, rests in the hands of my colleague, the Minister of Public Works. I hope to press forward with those developments that are of help to the whole industry, and not just individual ridings. He mentioned the hope that we would use a helicopter to curb poaching in the one area in which it is apt to be most prevalent, the Queen Charlotte islands. We have that under consideration. We are using two helicopters in Newfoundland because of the transportation trouble we have down there. If in Newfoundland we build too large a patrol boat it cannot get into the harbours, and if we build a small one it will not stand the Atlantic storms. The hon. member spoke of a good man, Rothery, we have as fishery officer. In fact, he is so good we are moving him to the supervisor's office in Vancouver, so the hon. member may be losing him.

The hon. member for Grand Falls-White Bay-Labrador spoke about the decline in schooner fishing on the banks on both the east and west coasts; we should like to get more of our fishermen out deep-sea fishing. For too long a time now most of our men have been shore fishermen. We have two of the greatest fisheries in the world on our coasts and if we do not fully exploit them other nations will come and fish those waters. We hope to have more offshore Canadian boats out instead of so many shore fishermen.

The member for Cape Breton South spoke about a change in fishing practices and the mechanization of the industry. He asked about the effect of the United States tariff commission announcement made public today. This problem with United States tariffs—it is just on ground fish like cod and haddock fillets—was aggravated by a territorial waters dispute between Britain and Iceland. As a result of that dispute the British fish trade refused to handle Icelandic fish, so the fish came in unusually great quantities to the United States. Our own relations with the United States have been very good. We both serve the same North American markets, have the same wage scales, and so on. I do not think the full details of that United States tariff commission announcement have been reported as yet.

Mr. Stick: I have heard that the Icelandic fish is now going to Russia. Is that correct?

Mr. Sinclair: I understand some of it is, and some of it is now going back into Britain.

The hon. member for Shelburne-Yarmouth-Clare spoke about the need for an insurance plan to cover boats and lobster traps. Perhaps I could answer that question when we come to the item in the estimates covering losses. He asked about the success of steel traps for lobsters. Big steel traps are used very successfully for crabs on the west coast, but on the east coast the old wooden traps which they make are still used. We are experimenting with the steel traps, but the experiments have not gone far enough to make any statement on the matter.

The hon. member for Greenwood was asking whether prices were really so good that everyone was making a lot of money in the fishing business. They are not. Everything in this world is comparative. They are just

better than they were last year. The fishermen, like the farmers, are optimists and as long as there is an uptrend everything is fine.

Mention was made of the fact that we used to have a good market for salt cod in Brazil. For some years the market was closed. But recently the Brazil government did again make dollars available for buying salted cod. I am sorry, but I cannot explain the remarks of the Minister of Trade and Commerce on South American trade. Perhaps he can explain the remarks he made.

The member for Charlotte spoke of the need for high quality of fish and also the need for loans to fishermen, and I shall say a word on that a little later. He dealt with the irregular catch of sardines, and that is related to the herring problem in the gulf and off the west coast of Newfoundland. I hope we will do more research on these. We have got our research pretty well in shape in British Columbia so that we can forecast fairly accurately the herring run, and we should be able to do that on the Atlantic coast.

The member for Vancouver-Quadra asked two questions about the fishermen's union's statement that the Japanese were again fishing off our shores. The main point of the new north Pacific treaty is that for the next ten years, five years certain and five years in review, the Japanese agree to stay on their side of the ocean, in so far as these species of fish which are thoroughly studied, fully exploited and thoroughly protected are concerned—the salmon, herring and halibut. Despite the traditional freedom of the sea the Japanese agreed to abstain from fishing those three species on our side of the ocean. As an indication may I say that in the peak year before the war the Japanese caught 200 million salmon in the whole Pacific, and last year they caught 7 million on their own side under the treaty.

Mr. Macdonnell: It came down from 200 million to 7 million?

Mr. Sinclair: Yes, that is when they fished the whole ocean, and they caught 7 million last year on their own side.

We are anxious to see this treaty a success. The only way we will know what salmon go to Siberia and Japan and the Canadian and American rivers is by a study. This study is to be made by the north Pacific commission of which Mr. Bates is chairman. The commission met in Washington, and their first scientific studies are starting in Tokyo this month. We hope to find the answer to where this dividing line is in the Pacific between the two stocks of salmon.

Then, there was the question of territorial waters, and I have covered it. We have always said that Hecate strait is Canadian territorial waters by the declaration of 1908 or 1909. Despite incidents, we have never taken the United States fishermen to court about it, even though they fish those waters. Probably if nationals of other countries did so, we would take them to court.

Mr. Green: Has the minister any figures on the crab fishery?

Mr. Sinclair: I will have them when I come back.

The last question asked by the member for Victoria, B.C., was what we were doing about fishing on the high seas. Well, we are trying to encourage our fishermen to go out to sea, but most of our fishing boats on the west coast have been suited only for inland waters. They do most of their fishing in sheltered waters because the salmon and other fish come in to the coast and rivers.

The B.C. industry said it was too great a risk to build expensive boats for deep-sea fishing which may or may not be successful. They said they could get some boats at a reasonable price from the tuna and sardine fisheries in the United States. These boats are available at a reasonable price. We have permitted our industry to bring in 15 of these boats for a trial effort, to get out to sea and catch more salmon, to find tuna and to do the sort of fishing that fishing nations should do.

If this experiment is a success, then there will probably be new boats built in Canadian yards. In the meantime our Canadian yards will get work, and it will be a lot of work, in refitting these boats for deep-sea fishing.

Mr. Green: That is on the east coast?

Mr. Sinclair: No, on the west coast. We want to get our boats out to deep-sea fishing off British Columbia. That covers most of the questions raised. There are one or two specific questions I will answer when we come to the particular items affected.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday we will take the resolution in the name of the Minister of Veterans Affairs to appoint a committee on certain veterans' legislation; then the resolution in the name of the Minister of Transport with respect to certain branch lines of the Canadian National Railways; then second reading of the bill to amend the Pension Act; then the item concerning the Vocational Training Co-ordination Act in committee of the whole.

Business of the House

Mr. Green: May I ask if we will take the bill respecting the Research Council Act on Monday?

Mr. Harris: No.

At 10.03 p.m. the house adjourned, without question put, pursuant to standing order.

[The following item was passed in committee of supply]:

DEPARTMENT OF FISHERIES

General services—

129. Departmental administration, $315,090.

HOUSE OF COMMONS

Monday, May 10, 1954

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

TRIBUTE TO THE DEFENDERS OF DIEN BIEN PHU

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, perhaps you would allow me to inform the house at this time that on Saturday our ambassador in Paris was asked to convey a message to Prime Minister Laniel of France, on behalf of the Prime Minister and government of Canada, to express to the French government and people the sincere and heartfelt tribute of Canadians for the matchless heroism of the soldiers of France and Viet Nam. With all free men, Canadians, while lamenting the tragic ending of the legendary conflict at Dien Bien Phu, salute with pride and honour the heroic defenders of the fortress. Hon. members will note that this message is very similar in content to the message released Friday evening by the Secretary of State for External Affairs at Geneva, of which he gave a copy to the French delegation there.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I am sure that all hon. members will wish to express their approval of the message which has been sent and to join in the sentiments of admiration for those who have died in the cause of freedom. Without in any way referring to the military conditions, there is not one of us who can fail to have been deeply moved by the thought that others have been dying in these past few days fighting against that evil force to which all of us are so strongly opposed. Whatever the outcome of this struggle may be, their sacrifice will not have been in vain if what has happened at Dien Bien Phu serves to bring home to the free world a full realization of the nature of the evil against which we are at this time building up our strength. Let us hope there will be peace; but it will only come if we recognize the reality of the things to which we are opposed.

As we pay tribute to the men who died I think all of us should also pay attention to an incident that happened in the French chamber of deputies last Friday. If anyone ever had any doubt where the loyalty of communists in any country lies, it was clarified on the floor of the French Chamber of Deputies when Premier Laniel asked the deputies to rise in tribute to the dead at Dien Bien Phu. When the communist members refused to rise, disloyalty in all its naked ugliness was then disclosed. There was a symbol for the whole world of what the communist in every free land really is. He expresses loyalty to no flag, to no faith, to no country. There is no loyalty except to the Kremlin itself. We should bow our heads for those who died and carry in our hearts the warning that came to us from Paris on Friday.

QUESTIONS

ARMED FORCES ENLISTMENTS AND DETACHMENTS

Mr. McGregor:

1. During the fiscal year 1952-53, how many enlistments were there in the (a) army; (b) navy; (c) air force?
2. Of these, how many were (i) men; (ii) women?
3. During the fiscal year 1952-53, how many detachments were there from the (a) army; (b) navy; (c) air force?
4. Of these, how many were (i) men; (ii) women?

Mr. Blanchette:

1 and 2.

Active Force Enlistments in 1952-53

	Navy	Army	Air Force
Men	3,645	10,165	10,035
Women	17	39	1,790

3 and 4.

Active Force Releases in 1952-53

	Navy	Army	Air Force
Men	1,577	9,234	2,991
Women	5	35	938

Note: Most of those released by the army during this period were personnel who had returned from Korea or Europe and taken their discharge.

As the armed forces approach maximum strength, figures for releases will tend more and more to approximate those for enrolment until enrolment and releases become actually in balance.

POST OFFICE BUILDING, SALTCOATS, SASK.

Mr. Castleden:

1. What was the total cost of acquiring the post office building in the town of Saltcoats, Saskatchewan?

Questions

2. From whom was this building purchased?
3. What was the total cost of remodelling the post office building?

Mr. Bourget:

1. (a) Purchase of lot No. 17 with building thereon, $3,500; (b) purchase of adjoining lot No. 16; $750.

2. (a) Mrs. M. P. Fea; (b) H. V. Partridge.

3. $24,488.50.

WAR VETERANS ALLOWANCE RECIPIENTS

Mr. Dinsdale:

1. How many veterans, by provinces, are in receipt of the war veterans allowance?

2. How many veterans, by provinces, have been granted war veterans allowance each year since 1949?

3. How many recipients of war veterans allowance, by provinces, (a) served in Canada only; (b) in the United Kingdom and European theatres of operations?

Mr. Bennett:

Statistics are maintained by districts of the Department of Veterans Affairs. The following table shows the location of the eighteen district offices in Canada.

1 and 3. Return at March 31, 1954:

	1.	3. Theatre of service (a)	(b)
DVA District	Number	Canada	Outside Canada
St. John's, Nfld. . . .	642	9	633
Charlottetown, P.E.I.	444	35	409
Halifax, N.S.	2,072	148	1,924
Saint John, N.B. . .	1,478	101	1,377
Quebec, Que.	462	82	380
Montreal, Que. . . .	2,510	135	2,375
Ottawa, Ont.	901	38	863
Kingston, Ont.	819	38	788
Toronto, Ont.	4,267	121	4,146
Hamilton, Ont. . . .	1,255	30	1,225
London, Ont.	1,547	63	1,484
North Bay, Ont. . .	846	37	809
Winnipeg, Man. . .	2,476	65	2,411
Regina, Sask. . . .	711	37	674
Saskatoon, Sask. . .	797	22	775
Calgary, Alta.	925	36	889
Edmonton, Alta. . .	1,066	23	1,043
Vancouver, B.C. . .	7,432	201	7,231
	30,650	1,214	29,436

2. Fiscal year ending March 31:

DVA District	1949	1950	1951	1952	1953	1954	Total
St. John's, Nfld.	139	162	232	147	138	136	954
Charlottetown, P.E.I. . . .	51	60	85	54	52	50	352
Halifax, N.S.	267	310	444	281	264	260	1,826
Saint John, N.B.	179	208	297	189	177	174	1,224
Quebec, Que.	69	81	115	73	69	68	475
Montreal, Que.	373	435	621	394	370	364	2,557
Ottawa, Ont.	129	150	214	136	128	126	883
Kingston, Ont.	137	159	227	144	135	133	935
Toronto, Ont.	577	672	960	610	573	563	3,955
Hamilton, Ont.	219	255	364	232	217	213	1,500
London, Ont.	263	306	437	278	260	256	1,800
North Bay, Ont.	120	140	200	127	119	117	823
Winnipeg, Man.	320	372	531	337	316	311	2,187
Regina, Sask.	77	89	128	82	76	75	527
Saskatoon, Sask.	78	91	130	83	77	76	535
Calgary, Alta.	92	108	154	98	92	90	634
Edmonton, Alta.	154	179	256	163	152	150	1,054
Vancouver, B.C.	761	886	1,266	805	755	742	5,215
	4,005	4,663	6,661	4,233	3,970	3,904	27,436

RADIO STATIONS—NIGHT COVERAGE

Mr. Robinson (Bruce):

1. How many broadcasting stations in Canada are required by means of directional array or other devices to reduce their power or effective coverage at night?

2. What is the reason for this?

[Mr. Castleden.]

3. Of this number how many are required to protect to the southward?

4. Why is this particular direction selected for such requirements?

5. Has any government authority ever made a survey of how many Canadian homes receive inferior service or no service after dark from Canadian stations because of these requirements?

6. What is the permissible signal strength in terms of millivolts per metre permitted for Canadian stations with class 2, 3, and 4 frequencies, in each of (a) metropolitan or industrial districts; (b) others?

7. Does this requirement differ from that in the United States, and if so, for what reason?

8. Is there a specific distance at which Canadian stations must locate their transmitters from the centre of the city in which any such station operates?

9. Does this requirement vary from that in the United States, and if so, for what reason?

10. Has any government authority ever made a survey of how many Canadian homes receive better service or single service after dark from United States stations than from Canadian stations, and if so, with what result?

11. Who represents Canada at international conferences called to discuss the allocations of frequencies and regulations governing their use?

12. Does such representation vary in any respect from that provided by other North American countries, and if so, for what reason?

13. Do the proper authorities of the Canadian government entertain favourably applications for slave or satellite stations to improve reception from Canadian stations in areas where such reception deteriorates, at night, because of Canadian requirements?

14. How many United States stations are permitted by terms of any treaty to which Canada is signatory to operate on class 1 or 2 frequencies?

15. How many Canadian stations other than those owned by the Canadian Broadcasting Corporation are permitted to operate on these frequencies?

16. What steps, if any, are taken to assist Canadian stations in overcoming interference caused after dark to their signals by the operation of United States stations on class 1 or 2 frequencies?

Mr. Langlois (Gaspe):

1. 90.

2. The demand for use of broadcasting frequencies is so large that international agreement is necessary in order to achieve maximum national use in each country and avoid interference with stations in other countries. By allowing stations to increase their power at periods of the day when covering of distance is more limited, and by use of devices which limit the distance which signals may travel in certain directions, it is possible to allow stations to use greater power and therefore obtain greater local coverage without interference with stations in other countries. Standards to cover this are set up by international treaties to which Canada is a signatory.

3. 90.

4. Answered by No. 2.

5. Field officers of the department maintain continuous review of local conditions affecting transmission and reception with a view to elimination of sources of difficulty and improvement of conditions wherever feasible.

6. (a) and (b), maximum 150 millivolts per meter, minimum 25 millivolts per meter.

7. Not substantially.

8. No.

9. No.

10. Answered by No. 5.

11. Officials of the departments of external affairs and transport.

12. No.

13. Such applications are accepted for consideration in accordance with normal procedures.

14. All countries may use all channels in the standard broadcast band subject to the engineering requirements of treaties to which Canada is a signatory.

15. 48.

16. All channels assigned to Canadian stations are monitored to ensure the compliance of all stations with the engineering standards of international treaties. Deviations from the engineering limits of the treaties are brought to the attention of the administrations concerned.

QUESTION PASSED AS ORDER FOR RETURN

IMMIGRATION, 1953

Mr. Hansell:

1. What was the total immigration to Canada during 1953?

2. From what countries did these immigrants come, and what number from each country?

3. How many of these immigrants registered for or came from the various categories of employment such as: tradesmen, farm employment, the professions, etc?

Mr. Harris: Return tabled.

BUSINESS OF THE HOUSE

ORDER OF PRECEDENCE OF ITEMS ON ORDER PAPER

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I believe it would meet the approval of the house if you would call the resolutions in the name of the Secretary of State and the Minister of Transport in order that His Excellency's recommendation may be signified, then call orders of the day and upon reaching that point call the motion in the name of the Minister of Veterans Affairs.

Mr. Speaker: Do I understand that the minister wishes item No. 15 on the orders of the day to be called now?

Mr. Harris: You might call the third and fourth notices of motion, then orders of the day, and then go back to the first government notice of motion.

Mr. Speaker: The first one will stand until later this day.

Mr. Harris: Yes.

PUBLIC SERVANTS' INVENTIONS

PROVISION FOR OWNERSHIP, MANAGEMENT AND PAYMENT

Hon. J. W. Pickersgill (Secretary of State) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure respecting inventions by public servants to provide a uniform legislative scheme to govern the ownership and management of and the payment of awards for inventions made by public servants of the government of Canada in connection with the duties or employment of the inventors.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

DEPARTMENT OF TRANSPORT ACT

PROVISION FOR CONTROL OF GOODS IN BULK

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to authorize the governor in council, for a limited period of time, to provide for transport control of goods in bulk.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

LABOUR CONDITIONS

NATIONAL EMPLOYMENT SERVICE—REPORTED SUBSTANDARD WAGES FOR IMMIGRANTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Citizenship and Immigration based on a news report of the Ottawa *Citizen* of Saturday, May 8. Is the Department of Citizenship and Immigration by-passing the national employment service in an effort to obtain jobs for immigrants at lower than standard wage rates?

Hon. W. E. Harris (Minister of Citizenship and Immigration): No, Mr. Speaker.

Mr. Angus MacInnis (Vancouver-Kingsway): May I ask a supplementary question, Mr. Speaker? I do not believe the minister should allow the statement that appeared in the *Citizen* on Saturday, concerning which the member for Kootenay West asked a question, to go by with that short answer, although it is satisfactory in its way. Will the minister comment on this article and state what measure of truth, if any, is in it?

Mr. Harris: These charges are made from time to time, Mr. Speaker, and are always investigated by the department. We are doing that in this particular case. We have asked the person who made the statement to produce to us any evidence which would lead us to believe there is some reason for the statement he has made. This morning he indicated he would be glad to get the evidence and send it to us. We note in the report that a committee was appointed to see us in connection with this particular matter, and we shall await the time when they come.

However, I might say that quite obviously he has not got all his facts correct because he refers to three officers being employed in the settlement branch in Ottawa, whereas we only have one. As a matter of fact, none of the persons referred to in the report have, to our knowledge, been placed by us at less than the going rate.

NATIONAL DEFENCE

INQUIRY AS TO TABLING OF WHITE PAPER

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Can the Minister of National Defence indicate when the annual report of his department will be tabled? There have not been many opportunities during this session to discuss defence, and the tabling of that report before the consideration of his estimates would be most helpful.

Hon. Brooke Claxton (Minister of National Defence): The annual report of the department for the last year has been tabled. I believe the hon. member is referring to the customary white paper called "Canada's Defence Program". My hope would be that we would be able to table that in a very few days.

MEAT

ALLEGED INFRACTIONS OF PACKING REGULATIONS BY THREE TORONTO FIRMS

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Can the Minister of Agriculture inform the house whether or not his investigation into infractions of the meat packing regulations by three Toronto firms is completed? If so, what penalty was imposed?

Right Hon. J. G. Gardiner (Minister of Agriculture): The answer to the first question is no. Some investigations have been made and matters concerning them have been turned over to the mounted police, but they have not as yet reported.

PUBLIC SERVICE

CLEANING STAFF AT WINNIPEG—SUMMER HOLIDAY SCHEDULE

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Minister of Public Works. Can the minister tell me if additional staff will be engaged in Winnipeg this summer to ensure the cleaning staff in dominion public buildings getting adequate holidays?

Hon. Robert H. Winters (Minister of Public Works): The request for vacation relief for the charwomen employed by the Department of Public Works in Winnipeg has been granted. Five additional women will be taken on shortly with a view to providing holiday relief.

VETERANS AFFAIRS

APPOINTMENT OF SPECIAL COMMITTEE

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved:

That a special committee consisting of 31 members, to be designated by the house at a later date, be appointed to consider the bill to amend the War Service Grants Act and the bill respecting benefits for members of the Canadian forces, and such other legislation relating to veterans affairs as may be referred from time to time to the said committee; that the said committee shall have power to send for persons, papers and records, to print from day to day its minutes of proceedings and evidence, to sit while the house is sitting and to report from time to time; that the quorum of the said committee shall consist of ten members; and that the provisions of standing orders 64 and 65 be suspended in relation thereto.

Mr. Brooks: Is the minister going to make a statement on the resolution?

Mr. Lapointe: It is not my intention to make any lengthy statement at this time. In the past I have expressed the government's policy, as my predecessors have done, that whenever any important or major changes in veterans legislation were introduced, a special committee on veterans affairs would be set up in order that these major changes might be given more detailed study in this committee. I believe the last committee was established in 1952.

This year the government has put forward substantial changes in veterans legislation, and for this reason we have thought it advisable the special committee should be set up. As hon. members know, some of this legislation has already been introduced in this house, and has been referred to the committee we are about to set up. I am referring to the War Service Grants Act, and the bill concerning benefits for members of the Canadian forces. These two pieces of legislation were introduced in order to put into statutory form the benefits given to members of our armed forces who had seen service in Korea, and make those benefits parallel to those given men who served in world war II.

One other piece of legislation has been introduced and has already been passed by this house without reference to this committee. I refer to the educational assistance bill. At that time it was not thought necessary to send this measure to the committee, because only minor adjustments were made and the need for them had only become apparent after the legislation had been in force for a period of one year. There is on the order paper now a bill to amend the Pension Act. It is my intention at a very early date to introduce further legislation to amend the Veterans Land Act, bringing about some major changes in that act.

Mr. A. J. Brooks (Royal): I wish to thank the minister, Mr. Speaker, for his explanation of the resolution. I believe everyone is familiar with this resolution. If they are not, there is no reason why they should not be, because I do not know of any resolution that has been on the order paper for such a long time as this one to set up a veterans committee. We asked for a veterans committee when we came to this session of parliament last November. Resolutions and bills have come and gone; but this resolution which was put on the order paper over three months ago is just being passed today. I am sure if the minister has used the word "stand" once in connection with it, he has used that word at least thirty or forty times. There is no doubt he has established a long-distance record, so far as the resolution is concerned.

However, we are pleased today to find that at last it has been moved, and we hope that it will be passed—indeed we know it will be—so that a veterans committee will be set up. It is hard for many of us to understand why it has taken so long to bring the resolution before the house. We are now approaching, we hope, a time near the end of the session, a time when all members are crowded with work both in the committees and in the house. The estimates are now being considered. There are many important matters mentioned in those estimates, and most members like to attend while they are under

consideration in order either to criticize or to get information concerning estimates affecting their own constituencies.

Also we hear at this time rumours about morning sittings. As I say, at this crowded period of the session we have placed before us this resolution to set up a committee which, to my mind, should have been set up many months ago. I have heard no explanation from the minister as to why he has waited so long. My own opinion is that the government has not been able to agree on the legislation to be brought before the committee on veterans affairs.

To my mind the most important legislation with which we will have to deal at this session will be that referring to the veterans. I say that legislation of other departments should not have preference over that dealing with this very important subject.

What I have said serves as a further argument for what we have sought on many occasions, namely the setting up of a permanent veterans affairs committee. Time and again we have pointed out the great advantages there would be in having such a committee. We have also pointed out that since 1916, when the first veterans committee was appointed in the House of Commons, some twenty committees have been set up. This in itself I suggest is an indication that this is a permanent matter, and that there is a necessity for setting up a permanent committee to attend to veterans affairs.

Before the second great war we had before us only those matters dealing with the veterans of the first great war. Today however the situation is entirely different. Not only must we consider the problems of veterans of the first war, but we have also those of the second war. Added to this we must consider the problems of veterans of the Korean war, the men who are serving in Europe, and the men in the reserve army. All these subjects are included in veterans affairs. Today the problems of those who served in the first war are entirely different from those who served in the second war. We know that veterans of the first war have today reached the age of sixty or seventy. So far as they are concerned, their particular interest is that having to do with pensions, hospitalization, war veterans allowances, old soldiers homes and other subjects along those lines.

We know that men who served in the second world war have been established in different professions, and that their problems are quite different. Again, the problems of the young men who have served in Korea are different. Briefly, it will be a long time, Mr. Speaker—it may not be in our time, or even in our children's time—before the House of Commons will not be dealing with veterans problems.

For these reasons I say a permanent veterans committee should be set up to deal with matters of this kind. In the past we have criticized the size of the veterans committee. Perhaps no great argument could be advanced against the committee of thirty-one members now suggested, other than the fact that it is not broad enough to include a large number of members in the House of Commons who wish to serve on it. During the term of the last parliament I believe there were eighty veterans who were members of the House of Commons. While I have not made a count of the veterans in this parliament, I understand there are more than in the last one. I know many of these members are disappointed that they are not permitted to serve on this committee. For instance, the party to which I belong is allowed only six members. Yet, in it there are twice that many who would like to serve on this committee. And I believe the same could be said of the other parties in the house.

There is a good precedent for establishing large veterans committees. I recall that when we were studying a veterans charter after the second world war the late Ian Mackenzie, who was then minister of veterans affairs, wanted a large committee. The result was that in 1945 a committee of sixty members was established, and again in 1946 a committee having the same number of members. But in 1948 the number was reduced to thirty-five, and in the last few years it has gone down to thirty-one. I would like to see the present committee a larger and perhaps a more representative one.

I now come to the object of setting up veterans committees. As I said a moment ago, we must deal with the problems of veterans who have served in different wars—and when I referred to the matter earlier I might also have mentioned the veterans of the South African war and those of the Riel rebellion. The object of setting up the committee should be that of dealing with the many problems these veterans must face. After the second world war the veterans committee met for many weeks with the result that we produced what has come to be known as the veterans charter. Members of that committee, and of the committee in parliament in general, have been proud to call that charter one of the most up-to-date pieces of legislation to be found anywhere. But there are weaknesses in all legislation, and, as time

has proven since 1945 and 1946, many amendments have had to be made to this legislation to meet changing conditions and circumstances. Today when a committee is set up it is set up not to consider what we think are all the problems concerning veterans but those few problems which the government itself feels should come before it.

The most important part of the resolution which is now before us is, of course, our terms of reference. Again we have the same criticism to make of the terms of reference setting up this committee as we have had of the terms of reference setting up committees in the past. It should be the duty of a veterans affairs committee to investigate each and every problem which concerns veterans.

We have been told by the minister this afternoon—and it is mentioned in the resolution—the matters which we shall be allowed to consider. We know that we shall be permitted to deal with and consider Bill No. 82, as he mentioned. In his remarks the minister stated that the government sets up these committees when there are major changes to be considered in the act. Well, as far as Bill No. 82 is concerned, no great major changes are being made in the War Service Grants Act. The bill has had second reading. It has been before this house, and I do not think that veterans across the country believe that any great major changes are being made in the act.

It was found that certain veterans had not taken their re-establishment credit; others had not applied for their gratuities. It is a matter of routine, Mr. Speaker, that is being dealt with in Bill No. 82. We are asked to extend the time so that these returned soldiers may make application for re-establishment credit and for their gratuities.

Bill No. 101 is another piece of legislation that is being sent to this committee. Is there any hon. member who will say that there is anything urgent contained in Bill No. 101; that there are any great major changes such as the minister would lead us to believe the government felt was necessary as far as Bill No. 101 was concerned? It simply extends the benefits received by veterans during world war II to the men who fought in Korea. It is an obvious thing; it is routine. We have been extending benefits for the last three or four years.

We now come to Bill No. 339, which was mentioned by the minister this afternoon. Perhaps there is more reason for the Pension Act to be sent to this committee than there is for those others which I have mentioned. But no great changes are being made in the Pension Act. When it comes before the committee the minister will find out that more changes are left out of the bill which should be considered than are contained in the bill. The only great change that I see is that referring to benefits for adopted children. It affects very few. Then again, it takes away from parliament the right to set the salaries of the commissioners and places it in the hands of the governor in council. I ask you, Mr. Speaker; is there any great demand in this house or across the country, and more particularly by veterans of this country, for this particular legislation? These are the great major changes that the government wants us to deal with. I assure them that these are changes that do not affect to any great extent the veterans of this country.

I was pleased to hear the minister say that the Veterans Land Act would be amended. We have had rumours to that effect. It has been asked for by veterans. Legislation will have to do with housing, which is one of the great problems not only of veterans but of all people in Canada. We are pleased that there will be amendments to this act. We hope that the amendments will be such that they will be of great benefit to the veterans. But here again, if the rumours I hear are true, it is not going to involve any great financial outlay as far as this government is concerned.

My understanding of the amendments to the Veterans Land Act is that they are going to decrease the amount of land which is necessary upon which a veteran may wish to build a house; they are going to make arrangements so that it will be easier for him to borrow money. But it is to be a revolving fund that the veteran will have to pay back. The veteran will have to pay back to the government the money which is borrowed for the building of his own house. No, Mr. Speaker, I contend that in setting up this committee the government should have made the terms of reference wide enough to deal with veterans affairs. We should not be told that these are the only matters to which we can give consideration, because there is no body of men in Canada better qualified to judge the problems of veterans than the veterans themselves, veterans who are members of the House of Commons, and the veterans organizations across Canada who would appear before this committee to point out some of the great weaknesses in the act and some of the requirements of veterans.

This committee is to be given absolutely no initiative. We are simply told that this

is the legislation that we shall have to deal with and that is all we can deal with. As I said a moment ago, we know of the existing problems but our hands are tied as far as being able to deal with those problems is concerned.

I now come to what I consider to be the outstanding problem of veterans in Canada today. It is not those amendments to the War Service Grants Act; it is not those amendments to Bill No. 101; it is not Bill No. 339. To a certain extent it is the Veterans Land Act, because, as I said a moment ago, it deals with housing. That is one of the great problems; but the great problem which is on the tongue of practically every veteran in Canada today is: What is this government going to do regarding war veterans allowances? That is the problem that should be before parliament and this veterans affairs committee. It is the one that should have been given first consideration. It is the one which receives the first recommendation from every veterans organization in Canada, whether it be the Canadian Legion, National Council of Veterans, the Amputations Association or any other organized veterans association in this country. It is also one which, as I said a moment ago, the individual veteran across this country feels should have first consideration. In the past when veterans affairs were being considered, especially when the war veterans allowance was under consideration, I have taken the time, as have other hon. members, to set out the history of war veterans allowances. The pages of *Hansard* contain the details of that history and I am not going to take the time of the house this afternoon to review it because I do not feel it is necessary. I believe the history of the war veterans allowance is well known to every hon. member in this house. That legislation is recognized and has been for some time as one of the great steps forward in veterans legislation, and I might add that it has been and is a great blessing to thousands of veterans all across this country as well as to their dependents.

Hon. members will recall that legislation was passed in 1930 and at first the amount was $20 per month. It was raised to $40 per month, which was the basic rate, and it is now $50 per month. That is the amount the single veteran receives in war veterans allowance, and the married veteran and his wife receive a total of $90 per month. Possibly we might ask ourselves why this legislation should be considered at this time. Well, there are many strong arguments and they have all been presented to the government. Old soldiers, now in their late sixties and many of them now seventy, have no other income but $50 per month. With the high cost of rent and the high cost of everything which goes to make the cost of living, he is finding it very difficult to exist, and many of them are living below subsistence level. There are other old soldiers with small disability pensions which are augmented by the war veterans allowance, but they are not allowed to receive the full amount of war veterans allowance because of the ceiling which has been set on that allowance. I believe the most absurd provision in the war veterans allowance at the present time is this ceiling.

[Mr. Brooks.]

Mr. Speaker: Order. I am very sorry to interrupt the hon. member, but I would imagine it is in the general interests of all hon. members to adhere to the rules. I think that at this moment one rule is being violated and that is the rule of relevancy. The hon. member for Royal (Mr. Brooks) has complained about the fact that this resolution is perhaps not wide enough in scope, and he has indicated that it should be wide enough to include other bills which should be referred to the committee. But now he is discussing the merits of the War Veterans Allowance Act, and dealing with various benefits paid out under that act. Bearing in mind that if I allow the hon. member to carry on in this vein I will have to allow other hon. members who may follow him in this debate to discuss not only the War Veterans Allowance Act in detail but all the other acts which compose the veterans charter, I think that it is my duty to intervene at this moment and inform the hon. member that he is wandering away from the subject matter which is now before us.

What is before the house at this moment is a motion to set up a committee. It is true that the resolution states:

> . . . and such other legislation relating to veterans affairs as may be referred from time to time to the said committee;

But that does not justify the hon. member in wandering all over the various acts which are now in existence and which form part of the veterans charter. At the moment at which the hon. member was speaking about some benefits paid under the act and some improvements which, in his opinion, could be brought about, I was reading page 165 of the book by Campion "An Introduction to the Procedure of the House of Commons" where, for example, it states, dealing with relevancy:

> Where the business before the house is a motion to provide machinery, it is not in order to discuss the merits of the policy which it is sought to put into operation. For instance, on a motion to make a sessional order a standing order it has been held that the order itself is not open to debate . . .

There are other citations, of course, which I could quote at this moment, but whereas it is the sense of the house to have as generous

latitude as possible on this question of veterans affairs, I want hon. members to know, so that this discussion may not be taken as a precedent in future discussions where the question of relevancy is involved, that they should keep in mind as much as possible that what is contemplated by this resolution is not all statutes which have been passed and which could be referred to that committee if bills amending them were being introduced through this house, but merely the two bills mentioned in the resolution, and only a passing reference to all such other legislation which may be referred to the committee at a future date is now allowed. However, let us keep this in mind. It is not the merits or demerits of the improvement of various acts which are now in existence which is contemplated in this resolution; it is the desirability of appointing a committee.

Mr. Brooks: Mr. Speaker, I was discussing this matter on the basis that this resolution contains terms of reference which are certainly open to discussion, and I consider that the terms of reference are too narrow and the argument I am submitting is to the effect that it should include other legislation besides that which is included in the resolution. We have always argued along these lines, Mr. Speaker, and in regard to a number of resolutions before this house in the past we have always had a full opportunity to discuss the matter along the lines that we were not satisfied with such terms of reference. In regard to, as you pointed out, "such other legislation relating to veterans affairs as may be referred from time to time", in my opinion that is broad enough to include any legislation we think should be included in the terms of reference. I am speaking now, Mr. Speaker, to the point of order.

Mr. Speaker: The hon. member has pointed out that in the past resolutions setting up committees have been wider, and he has been complaining about the fact that this one is narrower in scope. It may be because of that that he is finding it more difficult to discuss—

Mr. Brooks: Pardon me, Mr. Speaker, but you misunderstood what I said. I said the terms of reference in the past were not considered wide enough and we argued that the terms of reference should be broadened. That is exactly what I have been doing.

Mr. Speaker: I listened to the argument submitted by the hon. member and at one point he was going into detail with regard to the War Veterans Allowance Act. I followed his argument when he said that the terms of reference should be wider and he went into detail on that particular subject. But at one point he rather decided to step into the War Veterans Allowance Act; then he dealt with the amount of money paid to the various recipients and went further into this matter as to how much more they should receive. He is dealing with proposed amendments to a statute. That is what he is dealing with. Nowhere in this resolution does it say that the committee should consider appropriate amendments to the War Veterans Allowance Act.

Mr. Knowles: Mr. Speaker, I think the discussion that has taken place has been helpful and I believe those of us on the floor and Your Honour can get together on the point under consideration. I certainly am prepared to go along with Your Honour's suggestion that we should not go into great detail concerning any pieces of legislation that we think should be amended any more than we should go into detail concerning the War Service Grants Act, and the bill respecting benefits for members of the Canadian forces which are mentioned in the resolution.

The resolution is one that calls for the setting up of a committee and for spelling out its terms of reference. It does not deal with the details of legislation. However, I think Your Honour will agree that members should be entitled to argue that those terms of reference should be broader than they are. Specifically, since the resolution refers to other legislation that may be referred to the committee, I submit that we are entitled to argue that there are certain pieces of legislation other than those announced thus far that should be referred to that committee. As Your Honour knows, from time to time we have asked whether consideration was being given to amendments to the War Veterans Allowance Act. The last word we had from the Minister of Veterans Affairs (Mr. Lapointe) did not close the door finally. I think Your Honour will agree that we have the right to argue that that door should be kept open and that such amendments should be brought in and referred to this committee.

Mr. Speaker: The hon. member has perhaps indicated more clearly than I did the exact purport of my remarks. Hon. members should not go into details with respect to the two bills which are now being referred to the committee in this resolution. These two amending bills were introduced through the proper channels, namely on resolution, then later first reading and second reading. The principle has been debated and after second reading, in accordance with the provisions of standing order 50, they were referred to a special committee to be

appointed later. We are now discussing the terms of reference of the committee, and these two bills, namely the War Service Grants Act and a bill respecting benefits for members of the Canadian forces are now referred to this committee. Hon. members should not go into the provisions of those two bills. By the same token, while they may argue that the terms of reference should be widened, they should not go into the provisions of the bills which they would like to see covered by the terms of this resolution.

There is, however, one point that I should like the hon. member to examine carefully. Let us examine what is meant by "such other legislation relating to veterans affairs". What is meant by that phrase? It does not mean such other statutes as are now in existence. What is meant by that phrase is such other amending bills as may be introduced in the same manner as that in which were introduced the two bills mentioned in this resolution. They are the ones that are contemplated by those words "such other legislation relating to veterans affairs". If they are introduced by the government, the discussion which is now taking place about them may be completely superfluous. That is a point that I should like the hon. member to consider because, as he knows, if it was existing statutes such as the War Veterans Allowance Act which were contemplated by "such other legislation", the terms of reference would not read as they do now. The terms of reference would be "to consider such appropriate amendments to be made to the War Veterans Allowance Act". What is contemplated by "such other legislation" is a bill. As hon. members know,

> The most important functions of a parliamentary body may be stated as—

I am now quoting from "An Introduction to the Procedure of the House of Commons" by G. F. M. Campion, at page 6. To continue:

> —(1) power to express an opinion on executive action, (2) legislative power, . . .

Then further down the paragraph we find the following:

> . . . for these differing powers different forms of procedure were evolved: for the first,—

That is power to express an opinion on executive action.

> —the motion; for legislation, the bill; . . .

Then what is a bill? A definition will be found at page 84 as follows:

> A bill is a draft of a legislative proposal which, when it has been passed by both houses and received the Royal Assent, will become an act of parliament or statute. The first division of bills is into public bills and private bills, the former dealing with public general interests and the latter with local personal interests (see chapters VI and IX).

[Mr. Speaker.]

> In the class of public bills the important distinction for our present purpose is between a government bill and a private member's bill, the former being introduced and piloted through the house by a member of the government and the latter by a private or (more technically) unofficial member.

What is contemplated by "such other legislation" is government bills which may be introduced in the future.

Mr. Knowles: That is what we are hoping for.

Mr. Speaker: I know that is what the hon. member is hoping for; but no matter how hard he may be hoping for it, he must not at this moment deprive himself of the pleasure which he may have later either of heralding the decision of the government on a point in which he is interested or of criticizing the government if they have not brought in the legislative measures which he would like them to introduce.

As I said, on this resolution hon. members may discuss the desirability of appointing the committee. They may discuss the opportunity of widening the powers contained therein. However, they must not go into the merits of existing legislation or proposed changes therein and discuss the various provisions which are contained in that legislation. Otherwise there will be no end to the discussion. It will be difficult for the Chair to preserve order in debate. I do not know how many pieces of legislation are contained in the veterans charter, but if I were to say there were 15, I may not be too far wrong. Maybe there are more. That is a considerable number. On a resolution for the appointment of a committee to consider two amending bills with respect to existing legislation, where members would like to see perhaps 15 amending bills referred to the committee, if I allow them not only to say that the committee's powers should be widened but to discuss the various merits of the provisions of each and every one of these bills, I ask hon. members this question: Where do we stand as far as the rules of the house are concerned? I know that we are all greatly interested in having them preserved.

Mr. Green: On the point of order, Mr. Speaker, may I say this. There is one feature I should like to draw to Your Honour's attention. If a member is to make the argument that a certain act should be considered by this committee, then surely he should be allowed to say why it is essential that that act should be considered by the committee. I submit that that is all that the hon. member for Royal (Mr. Brooks) was doing. If Your Honour makes a ruling that we cannot say why we believe a particular measure should

be considered this year by the committee, then in effect Your Honour makes it impossible for us to make a reasoned case for the broadening of the reference to the committee. I submit that that is all that the hon. member for Royal is attempting to do.

Mr. Speaker: The hon. member for Vancouver-Quadra (Mr. Green), when a point of order was raised on April 4, 1951, made exactly the same argument. I could quote him as reported on page 1625 of *Hansard*, April 4, 1951, where he says:

> . . . if you should rule this amendment out of order, then for all practical purposes it would be impossible to move an amendment to any notice of motion of this kind; because there could not be a case in which the amendment would be more relevant to the contents of the notice of motion than is this one.

Then he carries on with the same argument as he put forward a moment ago. As I said, I want to be as generous as I can be, but I do not think hon. members would forgive me if I knowingly permitted the rule of relevancy to be violated in flagrant fashion. I have indicated what my feeling is on the matter and I know that it is understood. I think hon. members are perhaps too much tempted to enter into a certain discussion for which, unfortunately, the motion on the order paper does not provide as amply as they would like it to. That is the position.

Having pointed out what my position is, I know that hon. members will not abuse the rules, and I hope that we will be able to continue this discussion in an orderly fashion. As I said, the hon. member may refer to other measures which he would like to see covered by the terms of reference of the resolution. He may indicate reasons why, but he knows what proportion of his time he should use in putting forward certain arguments. He is entitled to speak for a certain length of time. If the hon. member spends all his time on what should be the provisions of the War Veterans Allowance Act then he is certainly violating the rule I mentioned a moment ago. But if he makes a passing reference only and spends most of his time on what is relevant, then I am quite sure we will have an orderly discussion.

Mr. Brooks: Thank you, Mr. Speaker. I had made the point that I thought the chief problems of the veterans should be the ones to be considered by the veterans affairs committee. That was the basis of my argument. I followed that by pointing out that the terms of reference of the resolution do not permit us to consider what we believe are some of the big problems. I mentioned particularly the War Veterans Allowance Act which I believe is not to be considered. My basis for so stating is the information given us here a few days ago by the Prime Minister (Mr. St. Laurent) when he gave the house a list of the legislation that it is intended to bring forward during the balance of this session. The War Veterans Allowance Act was not included. At that time I asked the Prime Minister if it was intended to introduce legislation respecting the War Veterans Allowance Act at this session and he told me that there would be no further legislation other than that which he had mentioned.

It was for that reason that I was arguing today that the War Veterans Allowance Act should be included. I have not undertaken to say what should be contained in any amendments to that legislation. I have studiously stayed away from that. I have not said that the basic rate should be so much or that the ceiling should be raised. These are things which I feel should be considered by a committee. The committee would obtain information on all these points and would make its recommendations to the government as to what amendments should be made to the War Veterans Allowance Act.

I am not going to labour the point any further. There are other arguments I could use but I do not think it is necessary. I will say, though, that when veterans throughout this country learned that a veterans affairs committee was to be set up at this session I received a great many letters and telegrams expressing the satisfaction of the individual soldier or veteran that such a committee was to be established. Almost invariably the fact was mentioned that now there would be a committee to consider the question of the war veterans allowance. I could read many of the letters and telegrams if I cared to do so. I am sure all other members received similar letters and telegrams.

I might also say that since the announcement of the Prime Minister a few days ago, that the war veterans allowance would not be a subject considered by the committee, I have received many letters from veterans expressing bitterness, regret and disappointment that this very important subject is not going to be considered. It is not too late yet. There is still time for the government to reconsider the resolution. There is still time, before the resolution is passed by the house today, for the minister to include in the terms of reference the question of the war veterans allowance. I am going to move an amendment. I hope the minister and the government will take into consideration the great necessity of having the question of the war veterans allowance included and that this amendment will meet the approval of the

government and the house. I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

That the motion be amended by inserting after the word "consider" in the third line thereof the words "the War Veterans Allowance Act."

The amended motion would then read:

That a special committee consisting of thirty-one members, to be designated by the house at a later date, be appointed to consider the War Veterans Allowance Act, the bill to amend the War Service Grants Act and the bill respecting benefits for members of the Canadian forces, and such other legislation relating to veterans affairs as may be referred from time to time to the said committee; that the said committee shall have power to send for persons, papers and records, to print from day to day its minutes of proceedings and evidence, to sit while the house is sitting and to report from time to time; that the quorum of the said committee shall consist of ten members; and that the provisions of standing orders 64 and 65 be suspended in relation thereto.

I commend the resolution as it would be amended to the very careful consideration of the minister and the government.

Mr. Speaker: The hon. member for Royal has moved an amendment which is quite similar to that which he moved on an earlier occasion. On an earlier occasion his amendment was in this form, "such as the War Veterans Allowance Act." This time it is more direct in that it is right at the beginning of the motion and would follow along with the other two bills that are to be referred.

Consistently since 1939 at least my predecessors have ruled out of order all amendments designed to give a committee wider powers than those set out in the notice of motion. I refer hon. members to citation 546 of Beauchesne, third edition, and to rulings by Mr. Speaker Casgrain on March 13, 1939, *Journals*, page 185; and by Mr. Speaker Macdonald on March 16, 1950, *Journals*, page 121; on April 4, 1951, page 243 of the *Journals;* on November 2, 1951, *Journals*, page 67; and on April 29, 1952, *Journals*, page 240; then again on April 12, 1948, page 344.

Then in *Hansard* for April 4, 1951, will be found a lengthy discussion having to do with an amendment of this type, and amongst other members taking part in the discussion were the hon. member for Vancouver-Quadra (Mr. Green), the hon. member for Melfort, the hon. member for Winnipeg North Centre (Mr. Knowles) and the Prime Minister (Mr. St. Laurent). I believe hon. members will understand that after so many of my predecessors have ruled so many times in the one direction on this matter, I would be establishing quite a departure in procedure if I were to say now that amendments of this kind are to be allowed.

[Mr. Brooks.]

I feel that the rulings I have mentioned are ample evidence of sound parliamentary practice with respect to the setting up of committees, and especially with respect to the notice which has to be given prior to the setting up of the committee. The rule is well established, and is to the effect that no amendments should be made to the motion for the appointment of a committee that would give the committee greater powers than those set out in the notice. The explanation I gave a moment ago as to what was meant by "such other legislation" pertaining to veterans affairs is quite apropos on this occasion because the hon. member is moving that the committee be empowered to consider the War Veterans Allowance Act.

The War Veterans Allowance Act is an existing statute. Perhaps, in the laudable desire to have the matter examined by the committee, hon. members are mistaking what, in my humble view, is the point. As hon. members know, according to our procedure legislation may be introduced by the government or by the opposition. In this instance a piece of legislation has been introduced by the government and has gone through the various stages required. It is only after second reading that such legislation can be referred to the committee of the whole or to a special or standing committee. There is no standing committee to take care of this class of bills, and a special committee has been constituted. "If it is the desire that, instead of referring the matter to a committee of the whole house, it be referred to a select committee or a joint committee of both houses, such a motion is made immediately after the second reading and, if carried, the bill is referred accordingly." This statement is found in May's fifteenth edition, page 478. The bills we are now referring to this committee are two bills that have gone through the preliminary stages and have been given second reading. After second reading, instead of being referred in the normal way to the committee of the whole, it was considered they should be referred to a special committee and that is the committee now being established. What the hon. member for Royal (Mr. Brooks) contemplates by his amendment is not the reference of the same class of bill, but the reference of an existing statute. An amendment should read that the committee should consider appropriate amendments to the statute, and not just consider the statute. Before hon. members pass judgment on that matter, they should know exactly what they are being asked to consider with respect to that act. It is for that reason it is so important that notice be given, then no one will be caught by surprise.

This is a right that the minorities in this house are always quick to claim, and they should therefore respect it when it refers to their amendments just as they do when it refers to amendments that the other side tries to introduce and of which they are not completely aware. This requirement of notice is just as old as the origin of parliamentary practice. When there was no printed order paper, the clerk had to read all the motions that had to be presented, and even in those days an oral notice was required. Now that we have, with the advent of modern machinery, a printed order paper, our standing order says that the notice must be printed forty-eight hours before it is called. I feel that the various rulings I have mentioned, plus citation 546, should be sufficient to make hon. members understand what my position is in this respect. I cannot accept the amendment.

Does the hon. member for Winnipeg North Centre (Mr. Knowles) wish to speak?

Mr. Knowles: I want to say a brief word, if I may, on the comment you have been making as to the propriety of the amendment. All of us naturally distinguish between the substance of the amendment and whether or not it is in order. For my part, I support wholeheartedly the request made by my hon. friend, the member for Royal (Mr. Brooks). I am inclined to agree with Your Honour, however, that the rulings made in the past leave you no alternative but to rule the amendment out of order on procedural grounds.

However, since Your Honour is doing such an extensive amount of homework and compiling such an extensive list of rulings on points of this kind, I hope you will include in that list, as an unfortunate example, the ruling that was made on January 13, 1953. On that occasion the motion before the house was one made by the Prime Minister for the appointment of a special committee, but an amendment was moved by the Minister of National Defence, which—

Mr. Speaker: May I interrupt the hon. member. I remember that incident very well.

Mr. Knowles: So do we all.

Mr. Speaker: At that time the ruling was that the amendment gave instructions to the committee. The committee had the power to do those things, but if instructions had not been received—did that not have to do with the consideration of the Currie report first?

Mr. Knowles: Yes.

Mr. Speaker: I remember that incident, and the ruling of the Speaker was to the effect that the order of reference gave the power to the committee to consider the Currie report, and the motion moved by the Minister of National Defence made sure the committee would consider that first. That was all the motion purported to do. At that time Mr. Speaker Macdonald made the ruling that the committee had the power to do what the house was asking, and it was the desire to make sure the committee would do that first.

Mr. Knowles: My point was that that amendment violated an important point which Your Honour has just now laid down, namely, that amendments of this kind violate the principle that notice must be given. In that case no notice was given, and yet the amendment was allowed. I am prepared to accept Your Honour's ruling today, but I hope it will be a precedent for future occasions rather than the one of January 13, 1953.

Mr. Speaker: I am not at this moment prepared to condemn entirely the ruling that was made on that particular occasion, because the house was not caught by surprise. If within the powers conferred by the terms of reference in a notice certain instructions are given by the house, by way of amendments, I do not think hon. members can complain—although I am willing to consider that particular phase of the matter, because it is my understanding that the notice is a procedure of great importance. This is one which has for its purpose the protection of the minority. I think I would be inclined to help hon. members in that direction, whereby no motion should be made amending the terms of any motion which requires notice, and which, if made, would catch hon. members by surprise.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have had an education in procedure this afternoon which is all to the good, but has not changed anything very much. I wish to join with the last hon. member in stating that in my judgment the whole status of the veterans affairs committee has been changed within the last few years. This committee, up until the time of the setting up of the last committee—and I believe that is where it showed up clearly—was always considered non-partisan. It was picked largely from members of the house who were ex-members of the forces. For a good many years politics, so far as veterans problems were concerned, were completely divorced from the question.

That was done, I think, because previously the committee set up had power to amend and to initiate legislation that was in the best interests of veterans generally. But in the committee now to be established, and in the last committee that was set up, no longer

have we had a veterans affairs committee of that kind. Now it is merely a legislation examining committee, and has power only to deal with legislation that has already been adopted by the government and treasury board. Inevitably, in those circumstances, when such matters are brought before the veterans committee the result is to line up along political lines. It is that change in the status of the committee that is responsible. I suggest it is a bad development.

In the last sitting of this committee on veterans affairs—and I am reasonably sure the condition will be the same with this one—the chairman was placed in a position where he could bring before the committee only those bills referred to it. As we know, such bills represent the opinion of the government. Despite the fact that members serving on the committee want to be non-partisan, and look at the matter in a reasonable way, they are placed in a position either where they have to go along completely with the government, as represented by the bills, or make a fight for it, with the result that the government and the opposition parties are divided in the committee.

I think this is a bad development. Further, the fact that the resolution has been on the order paper since February 11 indicates bad judgment on the part of someone in the government. I am not blaming the minister entirely because I know that he, too, is in the hands of the board of strategy and treasury board. The fact that the resolution has been on the order paper a long time has served as an aggravation to veterans organizations outside the House of Commons. They have been clamoring for amendments to the War Veterans Allowance Act. In the face of that fact we find placed on the order paper a motion to set up a committee, and the fact advertised that by that motion the very act that is agitating the veterans, the one they think needs amendment so badly, is omitted. The motion is left on the order paper for three months. It is just like waving a red rag at a bull. There is no doubt that that is why hon. members are receiving great numbers of resolutions and telegrams.

Several times in the house we have moved that the committee on veterans affairs should be a standing committee of the house, rather than having it as a committee to be called together by the government, if it sees fit. The government is under no obligation to take such action.

I believe the veterans affairs should be a standing committee. There is a motion on the order paper now which, if passed, would have the effect of making it a standing committee. And I suppose, Mr. Speaker, that you will tell me I have no right in this debate to discuss a resolution on the order paper.

Mr. Speaker: I will tell my hon. friend that I would—if I did not know that there is no chance of reaching that particular order.

Mr. Gillis: Thank you very much. It would seem that the rules are, after all, a bit flexible.

I have said that in my view the committee on veterans affairs should be a standing committee of the House of Commons. Surely the thousands of veterans who fought in the first and second world wars, who fought in Korea, who are now serving in Germany, and the hundreds more who are now in this country in uniform, prepared to offer their lives if necessary, are just as worthy of consideration as other matters which are discussed in standing committees. There comes to my mind the matter of transport—

Mr. Chevrier: No.

Mr. Gillis: No, perhaps not transport. However, there are sixteen standing committees of the house, including the committee on the restaurant, the library, divorce, miscellaneous private bills, and many other subjects. They are necessary, of course, although some of them never meet.

Do not hon. members feel that in the interests of the general welfare of the country, and in the light of the changing pattern in the services from year to year, it is necessary now that we have a standing committee of the house which, so far as possible, would consist of members who have served in the armed forces? Such a committee would be called, not just when the government thinks it is necessary, but when a private member might think it necessary. I suggest he should be in a position whereby he could rise in his place and ask for the setting up of such a committee.

In this way it would be possible to have a continuous examination of veterans problems, and they would not be permitted to reach the state of turmoil we now find in connection with war veterans allowances. In the procedure I have suggested it would not be possible to set up a committee which would fail to deal with those matters about which the veterans have become agitated. I suggest the establishing of a standing committee would be helpful to the minister, because I am sure he knows there are many members in the house who are quite reasonable and who also have contact with veterans organizations. Let us keep in mind that the brains are not all in the civil service, the

fellows who draft these complicated amendments. If a standing committee were set up the minister would receive much valuable advice.

Let us not continue along the line now suggested, where we are developing a division of hon. members along political lines in the matter of veterans problems. Those problems have always been considered sacrosanct. I recall that for many years, indeed right up to 1939, any politician who attempted from a platform to raise controversial issues respecting veterans affairs did not generally get many votes. He was put in his place by any meeting where he attempted to raise a subject of that kind. That is the way we should keep it, because there should be no politics in matters having to do with veterans affairs.

When this committee begins to function it will not have very much to do. The bills that are to go before the committee are necessary adjustments to existing legislation, but there are not many changes in them. Changes in veterans legislation are necessary but they are not included in these bills. I am not going to discuss details now, but I have some opinions about the War Service Grants Act and the act respecting the Canadian forces as well as the other matters that have been referred to. Many things in veterans legislation need expanding, but this is not the time to do it.

I point out to the minister that his mediums of publicity are not good. For example, people outside this house and a lot of members in the house have always taken a dim view of casual earnings with respect to veterans allowances. I am not going to discuss the details of that except to tell the minister that this business of making changes in basic legislation by order in council and then issuing a directive based on that order in council does not get a very wide circulation, and that is responsible for a whole lot of misunderstanding that exists with respect to much of this legislation.

I met the parliamentary assistant to the minister the other day over a cup of coffee in the cafeteria, and he put me straight on something. Despite the fact that, as I said, a directive was sent out recently by the minister's department—I may as well give the number, W.V.A.B. No. 25-53—that pretty well revised the whole matter of casual earnings, I have been receiving letters on this subject and I did not know anything about it until I got a copy from the parliamentary assistant. I have given some publicity to it myself in my own area to bring it up to date. A lot of changes were made there, and they are good ones as far as they go. Quite a number of people were throwing rocks at the Department of Veterans Affairs on this very matter. A lot of this trouble goes right back to the local districts. I am talking about my own now. They may be very efficient in other sections, but a lot of the difficulty over publicizing these changes from time to time goes right back to the local districts. Very little is known about it unless of course you walk into an office and sit down and discuss it with someone. I am merely leaving that thought with the minister. First, I do not agree with changing basic legislation by order in council in a matter as important as that affecting the casual earnings or part-time earnings of a recipient of veterans allowances. When a directive of that kind is issued it should go to the press in every part of the country. In addition to that, the district offices and the sub-district offices that enforce or handle that type of order should also be instructed to publicize it and see that all veterans who are entitled to the benefits because those changes are made are made acquainted with them.

In regard to the procedural question that came up, I am just going to say that because the War Veterans Allowance Act was not included in the terms of reference I, too, am very disappointed. I know from experience here that you cannot amend the terms of reference in the way that the hon. member for Royal (Mr. Brooks) tried to amend it, but I still hope—we have a month and a half to go before the end of the session—that this committee—

Mr. Lennard: The hon. member is a little optimistic, is he not?

Mr. Gillis: The end of June. I hope that the committee that will be set up will be able to deal with this matter. I know the Minister of Veterans Affairs (Mr. Lapointe) is just as anxious as we are to have the necessary amendments made to the War Veterans Allowance Act, and I hope that he will prevail upon the treasury board, and those who may be reluctant at this time to let us have a look at it, to permit the necessary amendments to that act and have it referred to the committee.

I could talk all afternoon on the reasons why this act should be amended, but I am not going to place Mr. Speaker in the position of having to declare me out of order. Before the minister closes this debate I would like him to clarify something in my own mind. This matter that I am now about to refer to is dealt with in one of the bills that we are to examine. Previous to the armistice in Korea, the Korean veterans were entitled to all the benefits that accrued

to veterans of world war II under our legislation. I have had many protests from different parts of the country to the effect that since the armistice was declared, by some decree on the part of the government, it was decided to discontinue the benefits such as gratuities and credits for Korean veterans as from the time of the armistice, and that relieving veterans who go to Korea from Canada are in the same position as the 27th brigade in Germany. If that is so—I am not sure it is except from the correspondence—in my judgment there is no justification for it, because there is no similarity of service as between the brigade in Germany and the troops in Korea. The troops in Germany are living under peacetime conditions, but the Korean troops are in a country that is completely devastated. They are living under war conditions at the present time. No one in this house or outside it can say that war in Korea is over. That has still to be determined. It is merely a cease-fire, and the duties they perform are in effect war duties. Their conditions, their circumstances, their recreation, their method of living, their housing in that part of the world bears no resemblance whatsoever to that of the troops in Germany. Since we are to deal with the Canadian forces and the legislation that should be applicable to them, I hope the minister and hon. members will keep in mind that that is a point we should work over pretty thoroughly, because the veterans organizations who have written to me about it have said emphatically that they consider it unjustifiable and completely rank discrimination as far as the Korean troops are concerned.

Hon. members are pretty restricted in this discussion, but the plea that I made to the minister at the beginning is that I hope he may be able to drive home to the government the fact that the method of setting up this committee, and its terms of reference, which say that only the legislation already determined by the government and passed to the committee in the form of a bill can be considered, are too restrictive. The government is completely disregarding the non-partisan spirit which existed in that committee previously. They are submitting bills for consideration by members of that committee, including members of the opposition who previously examined such questions on merit, bills which are designed to implement government policy and which will force these opposition members to think along political lines rather than attempt to maintain the non-partisan spirit which existed previously. In my view the strength of the House of Commons in safeguarding the interests of veterans was concentrated in that committee due to the impartial manner in which it considered veterans legislation. I hope the government may give serious consideration to making this a standing committee so that when problems arise from time to time, as they must during our lifetime, and which will affect veterans particularly in this changing world, the members of the house who are interested may be able to ask the minister to set up the committee to consider these problems rather than wait for someone in the government to determine in his judgment when veterans problems should be considered. It appears now that they not only determine when these problems should be handled, but they write the legislation and then throw it before the committee to fight over along partisan lines.

I think that is the most important aspect of the matter which confronts us at the present time and it is my belief that the government has neglected to place before that committee necessary amendments to the War Veterans Allowance Act. That act is the focal point in all problems affecting veterans today. Adjustments are necessary in other acts, but a change in the status of that committee from a veterans committee to a legislative examining committee which can act only on government legislation is very bad, and I trust that by the time we get around to dealing with veterans problems the minister will be in a position to announce that a standing committee of the house will be set up for the purpose of a continual review and survey of veterans problems as they arise from time to time.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I welcome this resolution designed to set up a committee on veterans affairs, but I feel I have to go along with the hon. member for Royal (Mr. Brooks) and the hon. member for Cape Breton South (Mr. Gillis) in the view that during the last few years the committee on veterans affairs has drifted away from its original attitude and is not now concerned with a sincere discussion on veterans affairs. During the last three or four years we have not had the opportunity to thoroughly discuss the entire realm of veterans legislation, and I have found that the committee is what I might call a "me too" committee. The government suggests changes in the legislation; the committee talks it over; the government members of that committee say "me too"; the chairman says "me too"; he comes into the house and makes his report and the report says "me too"; the house then discusses it and the majority of hon. members in the house, of course, say "me too".

I too, Mr. Speaker, think that this committee on veterans affairs should be made

a standing committee of this house because it would appear that we are going to have veterans affairs problems for a good many years to come. We had the first world war; the second world war; then we had Korea; we have men in Germany; we have men in Korea, and there is a possibility of some sort of action in Indo-China. The United Nations' troops are carrying out police actions all over the world and members of our armed forces are travelling all over the world. We never know when we might be taking part in another war. That danger has often been underlined. We have a very delicate situation in Korea today, and with the international situation as it is we cannot avoid maintaining a strong standing army or at least carrying out a strong armed forces program. In the light of these facts we must have some sort of veterans organization within this house in order to keep pace with events.

I know it has been pointed out on many occasions that such a standing body is not necessary because we can always set up the veterans affairs committee, and it is asked, "Why set it up if we do not require it?" I wish the same sort of attitude could be taken with regard to some of the other standing committees. I have been a member of some of these committees for four years now, and they have not been called together and probably never will be, at least during my tenure of office. In spite of that, something that is as important, long lasting, and as near to us all the time as veterans legislation is ignored and we have to set up a veterans affairs committee whenever the Minister of Veterans Affairs (Mr. Lapointe) and the government decide that we should do so. This is not good enough. We need a permanent committee on veterans affairs which could be called together at any time to discuss matters arising in relation to veterans legislation.

Other hon. members have pointed out that this resolution has been on the order paper for something like two or two and one-half months, and I think it should have been brought before the house a long time ago. It is getting late in the session now. The minister has pointed out that he wishes to submit other legislation which will then be submitted to the veterans committee, but we still have not heard anything about that legislation and it has still to come before this house before it is submitted to the committee. In my opinion that legislation should have been introduced and brought before the committee on veterans affairs at least a month or two ago, because from now on all hon. members will be up to the ears in work with the estimates before us in this chamber, and we are not going to have much opportunity to be absent in order to attend the sittings of the committee on veterans affairs. Sometimes I wonder if that is not the reason, and that this resolution was held over so that members of the veterans affairs committee would not be in the house to discuss the estimates of various departments.

As regards the terms of reference, I cannot help sharing the view of other hon. members who have already spoken on this topic. The terms of reference are much too narrow and I hope that if the minister does not see fit to extend the terms of reference we might at least be given sufficient leeway within that committee to discuss the entire realm of veterans affairs, and hear briefs from the various veterans organizations.

Incidentally, Mr. Speaker, on that particular subject I would like to know if the minister has invited veterans organizations to attend and present their views in the legislation which is to be submitted to this committee. As I was saying, I hope that we will have sufficient leeway to cover the whole field of veterans legislation because, in my opinion, veterans have been held down far too long, living at subnormal standards and being forced to merely exist when they should be living comfortably. For example, the Pension Act should be thoroughly overhauled and there should be a substantial upward revision in the amount paid to recipients.

I am not going to dig into the relative merits of the War Veterans Allowance Act. However, I may say that act was brought forward because it was said that the veteran preaged by at least ten years. I should like to tell the Minister of Veterans Affairs (Mr. Lapointe) that many of these veterans are ageing extremely rapidly from trying to get along on the pittance the government is giving them at the present time.

As to the terms of reference, I do not think they should be laid down by the government. The members of the veterans affairs committee of the House of Commons are themselves veterans. The problems of the veteran are close to them and are matters of concern to them. I think the members of the committee are the ones who should determine just what its terms of reference are in order to be able to dig into all of this thing and to make a complete revision of the veterans legislation; it needs it. If this committee is going to be set up, let us leave it to that committee to do a job so as to give the veteran something instead of being set up just to look into some minute amendment which is brought down by the government, is introduced to a predominantly Liberal committee and which we

know is going to be passed as it was introduced to that committee, while all we can do, so far as the committee is concerned, is to blow off a little bit of steam and let people know exactly what we think. Under the existing statute, we cannot do anything concrete other than that.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I rise at this time to say a few words as one who has been on every veterans affairs committee of this house since 1935. Like every hon. member who has already spoken, I feel that this committee should be a standing committee and that it should be composed of a greater number of members than 31. It must be remembered that since 1945 we have had in this house a great number of veterans not only of the first great war but also of the second great war. A moment ago I mentioned that I had been on every veterans committee since 1935. I know that I am not being put on this committee this year. I could have been put on it but I voluntarily gave way to a younger member, a veteran of the second world war. Therefore, being deprived of the opportunity of again serving on this special veterans affairs committee, I felt that I should take part in this debate.

I certainly feel that it is a great mistake that this committee has been reduced, over the years, from some 60 members, when the veterans charter was discussed, until at the present time it numbers 31 members out of a house that contains possibly double the number of veterans it contained in 1945. I think it is a gross injustice to the veteran members of this house that the committee should be such a small one.

I also wish to say that I am greatly disappointed that amendments to the War Veterans Allowance Act are not to be considered this year, and I know that veterans throughout Canada are also disappointed. As to the Veterans Land Act, which I believe is to be amended, I most certainly hope that the small holding limitation of two acres will be reduced. As I have said on many occasions in the past, half an acre is more than enough for any veteran to care for.

I have another matter that I wish to bring to the attention of the minister through you, Mr. Speaker, because I feel it is a matter that should be discussed by the veterans affairs committee this year. I realize that it might more appropriately be taken up by possibly another department, but it is a veterans problem and I feel that the Department of Veterans Affairs should press for immediate elimination of the difficulty. It is the case of a veteran who in applying for old age security is being denied it for several years because the time he spent overseas during the first world war is not allowed as residence in Canada. I fully realize that where an applicant has been a permanent resident in Canada for the entire 20 years, with a part of that unbroken 20 years spent overseas, it is allowed. But in this particular case to which I refer—and there have been similar cases—they run into the difficulty of not having resided in Canada for a long enough period to qualify. The point I wish to emphasize, Mr. Speaker, is that while the veteran is being denied the pension for some two years because his service overseas in the first great war was not allowed as residence in Canada, his wife, who remained in Canada while he was overseas, has been granted the pension. It was granted to her in April of this year, last month. The veteran who served overseas will not receive his pension until November of 1955. That is a point that I feel should be taken up by the minister. Perhaps I should not have raised it at this time but as I am not to be a member of the veterans affairs committee I felt that I should take the first opportunity to direct attention to it. I might say that this condition has been known by the minister of another department for several years. I would say that is one matter that should be taken up immediately and corrected. It could very well have been changed by an order in council. I sometimes wonder, Mr. Speaker, just how stupid people can get. I feel that it is a great injustice to a man who has served his king and country on the field of battle to be discriminated against to that extent; it certainly is a disgrace.

These are just a few remarks that I wished to make at this time. I want veterans generally and the members of this house to know that I am still just as much interested as ever in veterans affairs. As I said previously, however, I have relinquished my right to sit on that committee. Only six members were allocated to the Conservative party, and I have given my place to a younger man, a veteran of the second world war.

Mr. R. F. L. Hanna (Edmonton-Strathcona): Mr. Speaker, as the hon. member for Cape Breton South (Mr. Gillis) has pointed out, some of us have had a valuable lesson in procedure this afternoon. As a result of the rulings handed down by Your Honour I feel that I shall have to discard a good many of the notes I have here on the war veterans allowance. However, I should like to congratulate the minister and the government on bringing in this resolution to set up a committee on veterans affairs. While the personnel of the committee has not yet been announced, I am sure that every veteran

member of the house as well as every other member will watch with considerable interest the deliberations of this committee. Perhaps some day we can convince the minister that this committee should be a permanent one. I notice that the hon. member for Royal (Mr. Brooks) asked for this concession. Then he proceeded to criticize the matters which are being referred to this committee in the resolution. I say to him that I think all changes in veterans legislation should be referred to this committee, whether those changes are large or small. Like other members who have spoken, I am disappointed that the matter of war veterans allowance was not specifically mentioned in the resolution. Perhaps the minister will yet bring this matter before the committee. I earnestly hope that he will although, as Your Honour has pointed out, hoping will not necessarily make it so. However, as I read the terms of reference of the committee there is scope there for the question of war veterans allowance to be brought before the committee before the session ends.

During my first speech in the house on November 26 last I urged the government to consider favourably the excellent brief presented last fall by the Canadian Legion, particularly that part relating to the war veterans allowance. In my opinion there are many reasons why an increase in the war veterans allowance is warranted at the present time, but I shall not attempt to go into them all. The case for the war veterans allowance recipients is well set out in the Legion brief for all to read. I still think they have a very strong case and I urgently commend it to the government for their further consideration.

There is a situation developing in my own province of Alberta at the present time involving recipients of war veterans allowance which is particularly serious. In our province, as in British Columbia, there is a supplementary old age pension allowance of $15 per month, bringing the total old age pension, with the means test of course, up to $55 per month for a single person. If a married couple both qualify they will receive together $110 per month. I should say at this stage that the additional $5 added to the additional $10 supplementary allowance will not be paid until the first of June and thereafter.

I am informed, Mr. Speaker, and I have no reason to doubt it, that there are many cases of persons in Alberta who are not even citizens, much less veterans, who will be receiving $110 per married couple per month as old age pensioners. Such persons may even have fought against us in world war I, but they will still receive old age assistance in the amount I have indicated provided that they qualify by having resided in Canada for twenty years or more and can pass the means test. I am not suggesting for one moment that these needy people are receiving too much by way of assistance, but the situation I have outlined does point up the urgent need for some revision of the War Veterans Allowance Act.

On the other hand, war veterans allowance recipients who also qualify for the old age pension—and I already have a letter from one such person—are limited to $100 per month under the $1,200 per year maximum permissible income ceiling. Surely this is not fair to our aged veterans who, incidentally, had to see service in an actual theatre of war in order to qualify for war veterans allowance. I think I should also point out that there is a war veterans allowance assistance fund up to $15 per month for those who are in dire need. I simply want to point out to the Minister of Veterans Affairs (Mr. Lapointe) the situation that is developing in Alberta and ask him to look into the matter very closely in order to make sure that our war veteran recipients in that province do not come out second best.

Of course I realize that the federal government cannot always be changing its policies because of the actions from time to time of various provincial legislatures, but at the same time the situation I have outlined with respect to the recipients of war veterans allowance is one that should not be allowed to persist indefinitely. Because of the rigorous means test prescribed, I am not afraid of the war veterans allowance going to people who do not need it and who do not deserve it, but I am very much concerned about whether those in need are getting a square deal, and I am confident that the government shares that view. I can only repeat what I said in the house on November 26 last, that in my opinion both the basic rate and the permissible income figures for the war veterans allowance are too low at the present time.

Having said that, I must in all fairness add something more. First of all I should like to say that I have great confidence in the Minister of Veterans Affairs, as I had in his predecessors. Between them they have done an outstanding job for the veterans of Canada. I think it is generally agreed that the treatment this government has meted out to Canada's war veterans is without equal in any other country in the world. The veterans charter of Canada, as we call it, has never been equalled anywhere, much less surpassed. Almost literally our war veterans have been looked after in a hundred and one different ways. This is only as it

should be. They have not received too much for no amount of assistance would repay or compensate them for what they have sacrificed for Canada. By their actions they have brought victory and freedom, unity and strength, not to speak of fame and glory, to our beloved country.

But the government has not forgotten these veterans. In Saturday's paper we read that the government is spending $127 million a year in war disability pensions alone. On top of this, the government is spending some $26 million in war veterans allowances each year. The newspaper article pointed out that this was in the order of $242 per minute for disability pensions or, if the war veterans allowance is included, we have a figure of approximately $290 per minute being spent by Canada in veterans pensions and allowances. But this only covers two items of veterans legislation. Actually hundreds of millions of dollars have been invested and are being invested in many other forms of veterans rehabilitation.

I appreciate that the government feels that the line must be drawn somewhere. Theirs is the responsibility of seeing that the country, in all its aspects, is run in a manner that seems to them to be in the best interests of Canada as a whole. But in my opinion the government is hewing too close to the line in the matter of the war veterans allowances. It will be my endeavour to try to persuade the government, as I am now doing, to reconsider this particular matter. As I have said, I have confidence in the Minister of Veterans Affairs and in the government. One has only to study the veterans charter to find ample reason for that confidence. Already in this session amendments to the veterans charter have been introduced in favour of the war veterans in several different respects. More amendments are to be brought in at this session, as the minister has indicated today. I am sure that these amendments will prove to be of further assistance to the men and women who have fought Canada's battles in the past.

I am particularly interested in the amendments to the Veterans Land Act that the minister is going to introduce. Having had the privilege of serving with the Veterans Land Act administration for seven years I know what a tremendous benefit the provisions of that act have been to our farmer, fisherman and small holder veterans, and I think any amendments to that act will be further well earned assistance to these veterans. Judging by what the government has done for our veterans since 1945, I have every confidence that they will continue to do the right thing by those who have done so much for Canada. To our war veterans no sacrifice was too great when Canada needed sacrifice. Therefore I urge the government to take another look at the matter of the war veterans allowance. I hope that they will do this and come forward with a proposal for an increase in both the basic rates and the permissible income ceiling. As I have said before, there is scope in the resolution for such amendments, and I still have hopes that something will be done about it at the present session of parliament.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I have noticed that so far every speaker, irrespective of the party to which he belongs, has referred to the particular resolution before us as being too confining in its nature. I agree with them 100 per cent. It is thirty-five years since the first war ended and there are problems affecting the veterans of that war that are still unsettled. There is nobody to which they can come to have those problems aired in a proper manner. I do not feel that the paid officials, who are there to administer the act, are the right people with whom to discuss proposed changes in the act. The veterans themselves or the veteran members of the house should have some say in the matter. Since these problems have remained unsolved, as they have for thirty-five years, it is time a change was made in the method of dealing with them. I feel that in this particular instance the reference to the committee should cover all veterans problems.

The veterans themselves had some hope that when the committee was set up it would deal with all their problems, and particularly veterans allowances. These problems have been brought to the attention of the government, and it is a slap in the face to the veteran and the veterans organizations who have consistently asked for the opportunity to discuss veterans allowances, that this matter is not to be considered.

I agree with the member for Cape Breton South (Mr. Gillis) that we should have a standing committee on veterans affairs. As a matter of fact, on December 9 last I had the following proposed resolution put on the order paper:

> That standing order 63 be amended by inserting therein immediately after subsection (l) the following new subsection:
>
> (m) on veterans affairs, to consist of 35 members, 10 of whom shall constitute a quorum.

This idea is not entirely my own, but is general throughout Canada. An opportunity for airing the grievances that are continuously being brought up through veterans organizations and directly to the member of parliament by the veterans themselves ought

to be provided. I feel it would eliminate a great deal of dissatisfaction that we have at the present time. It would eliminate dissatisfaction with what the department calls borderline cases, because in most instances the department takes the line most favourable to the government. This happens in spite of the fact that time and time again we have been told the veteran will be given the benefit of the doubt. I can prove that in some instances such has not been the case. I feel that such a committee would be of immense help to the minister. Through the members the minister could be kept up to date on conditions throughout the country.

There is no family in the whole dominion that is not, in some way, touched by veterans problems, either through the husband, son, daughter or other relative who served in one of the forces. The importance of this subject is so widespread that I feel a standing committee should be set up immediately. The recent sittings of the agriculture committee have been of interest to me. This committee had to consider the report of the Canadian wheat board, which was placed before the committee in its entirety as well as the recommendations resulting from the year's operation. Members of the board were there to answer questions. I thought the idea was a good one because the matter was dealt with by a group who understood wheat problems and who understood what they were doing about them. This arrangement proved very satisfactory. I believe that the committee that is now being set up for veterans affairs should be asked to consider the Canadian Legion brief in its entirety, as presented to the government last November 10, just as the agriculture committee considered a brief that was not sponsored by a minister of the crown.

I feel that in that way we could deal much more satisfactorily with the problems so far as the veterans are concerned. These problems go beyond the bills referred to the committee. These bills hardly go anywhere at all, but merely remedy one or two little things the minister feels should be remedied. I feel this brief was prepared by a body in much closer touch with the needs of veterans than those who administer the act in Ottawa would be. I should like to comment upon one or two aspects of the brief, but in view of Mr. Speaker's ruling I shall satisfy myself by mentioning the need for revision of veterans allowances. This brief contains suggested remedies for the protection of these veterans. I could give instance after instance which I hope I shall be able to do later in the session, illustrating the injustices created by the administration of this act—I am speaking of the veterans allowances now.

There are other recommendations in the brief equally as important concerning veterans who live outside of Canada. These veterans are few in number, so the cost would not be very great if the minister acceded to their request. In many cases, these men must live outside of Canada for health reasons.

Another point that I think is important, and I have taken it up with the department, is the arbitrary way in which a veteran's allowance is affected by his earnings on a ranch. I have several veterans on small holdings in the Okanagan. I know of one whose income from operations was just about $1,000, but his total operating costs—he is a cripple—were over $1,200. He showed a net loss for the year of $200, but under the new ruling the department said, no, 50 per cent of your gross must be regarded as net profit. In his case, as a result, he and his wife had about $21 per month on which to live. I feel that such matters as that should be dealt with by the standing committee. I have cited one example and could go on to others. There are several others who have been treated in the same way.

The other matter that I believe is urgent concerns widows' pensions. I have mentioned the subject before, but I am going to do it again because the departmental ruling is still the same. If a disabled pensioner dies while receiving only 49 per cent or less, the widow gets nothing. If he received 50 per cent or more, the widow gets a substantial pension. I claim that the line is too hard and fast. It would not cost the government any money because it would merely be a continuation of the pension received by the husband before he died. He would have been paid had he lived, so it is a continuation of a part of the pension to the widow after he has died. Such action would remove a condition that is very unfair, especially if the matter was discussed in the proposed committee. Without going into detail, I would suggest to the minister that he again review the Canadian Legion brief and see if he cannot agree with me that it is a comprehensive one produced by experts in the field of veterans affairs and presented fairly and truthfully. If that brief were presented to the committee, with a request for recommendations, I believe the minister could be satisfied that veterans problems were on the road to being solved.

I would point out that it is the duty of every member of the house, and particularly veteran members, to deal with veterans' problems. If we cannot get that opportunity we are frustrated, the Legion is frustrated,

the veterans are frustrated and everyone is frustrated in presenting veterans problems. Today we have seen an attempt made to curtail the discussion of this vital subject. The day may yet come when we shall want to call upon the young people of Canada to fight our battles in perhaps still another war. If the treatment accorded the veterans of the three previous wars is not satisfactory, there will be little chance of being successful in the recruiting program for the next war. I think to a certain extent that is the reason recruiting today is 25 per cent less than the target set for last month by the Minister of National Defence (Mr. Claxton).

I hope the Minister of Veterans Affairs (Mr. Lapointe) will take heed of what has been said by hon. members and, before it is too late, either suggest a standing committee on veterans affairs or enlarge immediately the scope of the committee now to be set up.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I am sure all hon. members are pleased that this committee is to be set up again at the present session. We do regret however that the time of the session is fast running out, and we can see no particular reason why the resolution could not have been presented to the house earlier in order that the committee might have had ample time to cover the work now placed before it. We cannot help that; but the fact remains that the motion to set up the committee has been put off time after time, indicating to me that perhaps the minister was waiting for some representation or other in order to make an important decision.

However, the resolution is now before us, and all hon. members are pleased that the committee is to be set up. We have reason to congratulate previous committees on the work they have done over the years. I do not know that I can agree altogether with the suggestion that the committee is deteriorating. It may be that I have not paid sufficient attention to it. Some members have made reference to this suggestion, but I can see no reason why the effectiveness of the committee should deteriorate in any way. I believe if we have the proper men on the committee it will do admirable work.

While at times we may appear critical of veterans legislation, compared with the legislation brought down immediately after the first world war, I am sure the veterans of the second world war have reason to believe that they have been treated with a high degree of consideration. I was talking to a veteran of the first world war, one who is now growing older and has become a successful businessman, who indicated to me that veterans returning from the first world war would have been mighty glad to have had the privileges and opportunities afforded those returning from the second. He did admit that veterans of the first world war are now covered by various forms of legislation which apply also to those of the second world war.

A good deal has been said this afternoon about the terms of reference to the committee, and the suggestion is made that they are not wide enough in scope. I agree with what has been said in this connection, recognizing always the fact that we cannot go into a discussion of the missing piece of legislation, namely, the War Veterans Allowance Act. I am reminded by my leader however that a previous speaker created a precedent by discussing that matter. I am not going to follow his example, but shall state briefly that the fact the War Veterans Allowance Act is not included will be a source of great disappointment to many veterans, particularly those of the first world war who feel that further consideration should be given to the War Veterans Allowance Act, and certain necessary changes made in it.

The fact that the resolution has been on the order paper for so long has given a good deal of hope to these older veterans. They have been waiting in the expectation and anticipation that something more was going to be done for them.

There is a class of people in Canada today who are seriously neglected. I refer not only to the older war veterans but also to their widows—women who have passed the age where they can find suitable employment. To my mind they are more or less a forgotten class. I am not saying they are not properly dealt with where the legislation covers them; I know the officials want to do all they can for them under that legislation, but the fact is that the legislation does not go far enough. I suggest that the terms of reference to the committee should have been wide enough to have permitted it to study this matter and to make recommendations in the matter of war veterans allowances.

An amendment has been moved previously and declared by you, Mr. Speaker, to be out of order. In the light of the fact that it referred to the inclusion in the resolution of a specific act, and the further fact that Your Honour cited many previous decisions, I am afraid we will have to concur in your ruling. However I have here an amendment that I believe covers the point and is also in order. Otherwise I would not present it.

I do present it because I believe the committee should be master in its own household. If it so desires it should be able to discuss other matters that it might consider should be discussed.

Therefore I move the following amendment, and I suggest it is only a slight one:

That the sentence, "and such other legislation relating to veterans affairs as may be referred from time to time to the said committee" be deleted, and the following substituted therefor:

"and such other matters relating to veterans affairs as the committee may decide."

The resolution would then read:

Resolved that a special committee consisting of thirty-one members, to be designated by the house at a later date, be appointed to consider the bill to amend the War Service Grants Act and the bill respecting benefits for members of the Canadian forces, and such other matters relating to veterans affairs as the committee may decide; that the said committee shall have power to send for persons, papers, and records, to print from day to day its minutes of proceedings and evidence, to sit while the house is sitting and to report from time to time; that the quorum of the said committee shall consist of ten members; and that the provisions of standing orders 64 and 65 be suspended in relation thereto.

That will not harm the resolution in any way. It will not prevent any other matter being referred to it. It will also make the committee freer to go into a discussion of all matters relating to veterans affairs, as the committee itself may decide.

I move this amendment, Mr. Speaker, and commend it to the consideration of the house.

Mr. Harris: Mr. Speaker, on a point of order; may I draw your attention to the rulings that have been discussed this afternoon at some length? The hon. member for Macleod (Mr. Hansell) has felt that in wording the amendment as he has he has shifted the onus to the committee and thereby from the house. It is the house, however, that sets the terms of the appointment of the committee, and its terms of reference. I think my hon. friend is in the same difficulty that any other amendment might be in because of the ruling made in 1951 which has been referred to, as I say, on more than one occasion. May I read very briefly from the ruling? It had to do with the amendment moved by the hon. member for Royal (Mr. Brooks):

Mr. Speaker ruled the proposed amendment out of order on the ground that an amendment cannot be moved giving the committee wider powers than those which were set out in the notice of motion.

I suppose my hon. friend can say that this amendment does not extend the powers of the committee; that the committee itself might decide that it would not consider any legislation except that referred to in the original notice of motion. But since he gives them power to do so, I think we ought to assume that they would exercise it, and for that reason it is extending the scope of the motion of which notice was given in the proper manner. I am afraid I cannot add anything to my point of order except to say that it does seem to me that it is on all fours with the decision of Mr. Speaker of Wednesday, April 4, 1951.

Mr. Deputy Speaker: Order. I understand that previously this afternoon Mr. Speaker ruled an amendment by the hon. member for Royal (Mr. Brooks) out of order, and I believe he cited at that time several decisions, one of which will be found in the *Journals* of 1951, at page 243, and the other of which will be found in the *Journals* of 1952, at page 240. In each case the amendments to a similar motion as that under consideration at this time were ruled out of order by Mr. Speaker on the ground:

. . . that an amendment cannot be moved giving the committee wider powers than those which were set out in the notice of motion.

The amendment proposed by the hon. member for Macleod would add the following words to the motion:

and such other matters relating to veterans affairs as the committee may decide.

Should the word "matters" refer to legislation, then under the terms of the original motion, which refers to certain specific legislation which will be referred to the committee and certain other legislation which may be referred to the committee, in my opinion the amendment is a nullity and would be out of order.

On the other hand, if the word "matters" refers to things other than legislation, then I can only feel that the effect of the amendment proposed by the hon. member for Macleod would be to widen the powers of the committee, and as any such widening of powers under the rulings previously cited has been ruled out of order by Mr. Speaker, I believe that I can only rule the amendment proposed by the hon. member for Macleod out of order.

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I am very glad that this resolution to set up a special committee on veterans affairs has at long last been moved. It is difficult for me to understand why it has been sitting on the order paper for three months instead of having been moved shortly after it first appeared. As a result of it having been delayed for this three months' period I am afraid that the work of the veterans committee will now be rushed in a way which is not at all necessary.

Possibly the reason for the motion not being moved earlier was the fact that these matters that are specifically referred to it are not matters which are going to take a great deal of time and are not matters on which there is going to be a great deal of disagreement. As was stated by the hon. member for Royal (Mr. Brooks), to some extent they are almost what you might call routine matters; extension of veterans benefits enjoyed by people in the second great war particularly to those who served in the Korean war. Therefore possibly the reason that this motion stood so long on the order paper is that the government was determined not to have some of the matters with which veterans are more concerned at the present time, such as war veterans allowances, dealt with in the committee.

I was extremely sorry that the amendment moved by the hon. member for Royal was ruled out of order, and also the amendment just moved by the hon. member for Macleod. There is no question that the matter about which veterans are more concerned than any other is the rates of war veterans allowances and the allowable earnings which the recipients of war veterans allowances can receive. It is the most pressing veterans' question we have, and it is the one above all others which this committee now being set up should consider.

It would appear that the terms of reference are quite narrow, and that has been the case in the last two or three veterans committees that have been set up. I think it is a great mistake, as nearly every hon. member who has taken part in this debate today has also said. In spite of the fact that war veterans allowance is not specifically mentioned in this resolution, I would hope that the committee will be able to discuss it. That, as a matter of fact, was the situation in one committee.

It was not specifically mentioned in the terms of reference of a committee of two or three years ago, but veterans organizations, the Legion, the navy, army and air force veterans, and others appearing before the committee, made recommendations in regard to war veterans allowance, pension matters and other matters, and as a result of our discussing these questions with those veterans representatives, the matter of war veterans allowance was discussed, although it was not in the terms of reference. I would hope that the same thing might take place in this year's committee. I certainly hope that it will because if the committee is set up and is not ready to devote any time or give any consideration to improving the matter of war veterans allowance it will not do the job which the veterans of this country expect it to do. It will prove to be a great disappointment to Canadian veterans.

Now, the hon. member for Edmonton-Strathcona (Mr. Hanna) made a strong plea for an improvement in the war veterans' allowance, and he said he was fully confident the government shared his views in that regard. But I am afraid the government's statements and actions so far this session do not justify that confidence. I hope the hon. member is correct, and I hope it is the government's view that improvements require to be made in the amount of payment under war veterans allowance and the amount of earnings veterans are allowed to make should be increased. I hope other hon. members on the government side who believe this action should be taken will put sufficient pressure on the government so that this matter may be referred to the veterans affairs committee and that some legislation will be brought in to cover these points.

The Prime Minister (Mr. St. Laurent) dealt with the legislation which is still to be introduced at this session a few days ago, and I was extremely disappointed that he made no mention whatever of war veterans allowances. As I have already pointed out, it is a matter of very pressing concern and one in which I believe nearly all hon. members in the house feel the government should make concessions so that the necessary amendment will be brought into the War Veterans Allowance Act to improve it in the two particulars I have mentioned.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group is particularly fortunate in having as one of its members the hon. member for Winnipeg North Centre (Mr. Knowles), an outstanding and recognized authority on parliamentary procedure. I am therefore sure hon. members will realize that if there had been the slightest opportunity of introducing a successful amendment to this resolution, such an amendment would have been moved by this group after the usual careful drafting by the hon. member for Winnipeg North Centre.

I have had the honour and pleasure, Mr. Speaker, of being a member of the veterans committee since 1945, and I have always enjoyed working on that committee. As usual I am going to be very brief this afternoon, but first of all I will deal with the question of war veterans allowance and other matters brought to the attention of the government by the Canadian Legion and other veterans organizations whose views I outlined during the debate on the address in

reply to the speech from the throne. Along with other hon. members who have spoken in this debate I am very glad that at last, and I emphasize that, the government has seen fit to introduce this resolution which provides for the setting up of the committee on veterans affairs.

There is only one matter in regard to that question that we in this group regret, and that is the fact that the government has not seen fit to make this a standing committee. That has been the policy of this group, and also the Progressive Conservative group throughout the years. We regret that omission on the part of the government because, as previous speakers have pointed out, under changing conditions and circumstances there are always new problems being created and new aspects in administration which arise and have to be considered. We believe that an annual review of veterans legislation before a standing committee would be of benefit to all hon. members in this house, and of particular benefit to those who come under veterans legislation.

However, like many other speakers, I very much regret that the terms of reference are so limited and that so far there has been no evidence of the government's intention to give the committee an opportunity of dealing with amendments to the War Veterans Allowance Act which will amend it in such a way that the veterans organizations of this country will be pleased.

Moreover, Mr. Speaker, although it is late in this session for the establishment of this committee, we hope that no further time will be lost and that as soon as the resolution is approved the committee will be established and we will get down to work. I believe that is the reason why hon. members who have taken part in this debate this afternoon have kept their remarks very brief.

I agree with the remarks of the hon. member for Cape Breton South (Mr. Gillis) with respect to the fact that sometimes the department is criticized unnecessarily, though sometimes it is the fault of the department, as I have pointed out on many other occasions. But I would like to take this opportunity to compliment the administration of the Department of Veterans Affairs because I believe they have done a splendid job. What we have to fight for now is amendment to the legislation now on the statute books. I do believe they are sometimes at fault in their public relations, and in this regard I refer particularly to the matter raised by the hon. member for Cape Breton South when he referred to the latest explanation in regard to casual earnings which, in effect, broadens the concept of casual earnings and will be of some benefit to a great many veterans in this country.

Since that directive was published I have received criticism from veterans in my own constituency concerning certain aspects of the limitation on income under the War Veterans Allowance Act. When I informed them of the latest explanation in regard to casual earnings most of the complainants found that their case was covered. However, in again supporting the remarks of the hon. member for Cape Breton South I would urge that the department take note of our suggestion with regard to public relations.

I want to take this opportunity to mention a few matters which have been brought to my attention and which are of particular interest to veteran constituents whom I have the honour to represent. First of all I would like to mention that a number of Legion branches and veteran organizations, and in some cases their dependents, are very interested in the veteran legislation which has been passed in this house, and also in the legislation dealt with by the committee on veterans affairs.

In 1946, I believe, the department provided people interested in veterans affairs with loose leaf folders which contained in loose leaf form all the veterans legislation which had been passed up to 1946. Legion branches throughout Canada have these loose leaf folders and many were distributed to individual veterans who were interested in this legislation. These branches and individuals could from time to time send to Ottawa and obtain loose leaf copies of legislation approved by the house, which they could then insert in these folders so that they had in their hands the entire legislation covering veterans affairs up to date. Various branches in my constituency and various individuals have tried to obtain loose leaf copies to complete these folders from 1946 up to the present day, but without success. I have made inquiries at the department and I have found that it has been the practice of the Canadian Legion to keep a certain number of copies for distribution among their members. However, their supply has now been exhausted. I took this matter up with the queen's printer and I was informed that their supply has been exhausted. I would suggest, Mr. Speaker, that the minister, who has a great interest in this subject, may find it a worth-while expense to have copies of the legislation from 1946 onward reprinted by the queen's printer so that people interested in this subject can obtain copies of these acts and place them in their folders.

I was very pleased to note, Mr. Speaker, that an amendment will be introduced to the Veterans Land Act which will provide veterans with greater opportunities of obtaining housing. I note that Mr. Speaker is looking

at me as though I am beginning to get out of order. May I say that I trust I am not. I am interested in that matter particularly because many veterans in my constituency are extremely anxious to obtain homes for themselves but to date have been unsuccessful in doing so. When the legislation comes before the house I hope it will make it possible for a great number of veterans not only in my constituency but all across Canada to obtain a decent place in which to live. In that respect, in order to indicate the interest there is in the matter, I want to read a resolution passed quite recently by the Nelson branch of the Canadian Legion:

Whereas it is generally recognized that there is a serious shortage of adequate housing throughout Canada.

Therefore be it resolved that this zone council request that the dominion housing committee of the Canadian Legion bring all possible pressure to bear on the government of Canada to make low-interest money available to all veterans who wish to build their own homes.

That the committee be further requested to explore the possibility of drafting and estimating the cost of modern type homes for veterans.

I am greatly pleased that the government is introducing that legislation. However, not only is the question of loans for housing one of great interest in my constituency but so is the question of obtaining sites upon which to build houses, especially in rural districts and particularly, to date, under the small holdings section of the Veterans Land Act. In that connection the Nelson branch of the Canadian Legion recently passed this resolution:

Small Holdings V.L.A.

Whereas under the present conditions of the above act it is practically impossible to purchase land suitable for small holdings.

And whereas in mountain districts where most work must be done by hand, it is not feasible for a veteran who is permanently employed, to farm this amount of land properly.

Therefore be it resolved that this zone council again request the government to amend the act making the minimum requirement one half acre in place of the present 1·6 acres.

And be it further resolved that the present maximum amount of $6,000 less 10 per cent be raised to $3,000 less 10 per cent.

Mr. Speaker, that matter has been brought to the attention of the house repeatedly. I have brought it to the attention of the house, as have many other hon. members, particularly from British Columbia, because of the difficulty of obtaining the three acres or less that are required under the present regulations of the Veterans Land Act. I hope the minister and the government will give serious consideration to amending the regulations—the resolution says the act; I understand it is the regulations—so that a veteran may acquire a small holding provided he can obtain half an acre of suitable land.

There is one other resolution which is extremely interesting because there are several cases of this type which have arisen in my constituency. This is a resolution that deals with the necessity of protecting the wife of a veteran who has purchased a home under the small holdings section of the Veterans Land Act. We have had two or three cases where the husband and wife have worked together since the war to obtain a small holding and build a home, then the husband has failed to live up to his responsibility and the poor wife, although she has done her best to build up the estate and has worked hard, was left high and dry because she has no legal interest in the property. It was on that account that the Nelson branch of the Canadian Legion adopted this resolution, which I commend to the minister for his consideration:

Whereas under the existing agreement made between the director of the Veterans Land Act and the veteran, the wife of the veteran is not protected in the event of desertion, as under the wives' protection act.

And whereas in the event of desertion by her husband she may be forced to vacate the property which she has helped to build up.

Therefore be it resolved that this convention strongly appeal for a revision of the Veterans Land Act, to permit joint ownership, which would provide protection for the wife.

I am not quite sure, Mr. Speaker, whether the remedy suggested there is the best one from a legal point of view, but I bring the resolution to the attention of the minister in the hope that something will be done to protect those unfortunate women who have made a joint contribution with a veteran to the building of a home. Fortunately these cases are few and far between, but where they occur they are the cause—and I say this from my personal knowledge—of considerable hardship on the wife concerned.

Like others who have spoken, Mr. Speaker, I greatly regret that the government has not paid attention to the repeated suggestions of the Canadian Legion and other veterans organizations in Canada for an increase in the war veterans allowance. We all know that we have without a doubt the finest veterans legislation to be found anywhere in the democratic world. I think there is no question about that fact. Being a member of the committee I have had the opportunity, as have other hon. members, of studying the legislation passed in Great Britain, the United States, Norway, Finland, Denmark, Belgium,

France, New Zealand and Australia. After an extensive study of legislation passed on behalf of veterans and their dependents in other countries, I think it is quite fair to say that Canada can proudly say she has the best veterans legislation in the world. I therefore think it is rather unfortunate that we have failed to remove one or two illiberal blots on the legislation at this time.

Along with others who have spoken, I regret that the government has not seen fit—as was said by the hon. member for Edmonton-Strathcona (Mr. Hanna)—to send to the committee a bill which would provide for amendment of the War Veterans Allowance Act so as to increase the war veterans allowance and hence make the lives of a number of veterans and their dependents much happier. As a result of this debate and as a result of public opinion in the country I hope that before this session ends the government will respond to our pleas and representations.

In conclusion I want to say a word or two about the committee. I think it is quite fair to say—and I am sure the hon. member for Cape Breton South will back me up in this statement—that throughout the years, generally speaking, the approach of the members of the veterans affairs committee has been a non-partisan one. I have found that to be the situation. Even government members on the committee, when they find that the government cannot be moved to do what the opposition members have been suggesting and what they themselves have suggested on occasion, feel quite uncomfortable about it. I must say that the tone of the debates in the committee and the working of it have been non-partisan. The colonel from Royal, the burly and rugged coal miner from Cape Breton South, that gentlemanly representative of the legal profession from Vancouver-Quadra, and the peasant farmer from Kootenay West all had one thing in common and one spirit. They look forward, as usual, to the spirit and tradition of the veterans affairs committee being carried on. That tradition and spirit is that we work together for the welfare of the veterans and their dependents.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, it is significant that every hon. member who has spoken in this debate, after the Minister of Veterans Affairs (Mr. Lapointe), has shown grave concern that this committee which is to be set up will not have the power to deal with the War Veterans Allowance Act. I personally feel that a great injustice is being done to these front-line veterans who either are now qualified for that allowance or may become qualified before there is a suitable change in the act. I hope to place before the Minister of Veterans Affairs, and more particularly before the Prime Minister (Mr. St. Laurent) who is now in the house, a few words which will have some effect; I am optimistic enough to hope that the government will take another look at this question.

These special committees on veterans affairs are only set up occasionally. Time and again the request is made that there should be a standing committee to deal with these subjects but, as we all know, that request has been turned down. Once, twice, perhaps three times in a parliament, a special committee is set up to consider veterans affairs. The resolution we are considering today will set up the first committee of the present parliament on that subject. It is possible that there will not be another committee on veterans affairs during the whole life of this parliament. The setting up of this committee is extremely important, far more so I believe than is the case with any other special committee of the house.

As has been pointed out, the terms of reference are limited; they refer only to legislation. In the first place they mention two bills which have already been given second reading, a bill to amend the War Service Grants Act and a bill respecting benefits for members of the Canadian forces. Then the terms of reference go on to refer to "such other legislation relating to veterans affairs as may be referred from time to time to the said committee".

When the Prime Minister spoke on April 30 he gave the house a list of the legislation to be introduced before the end of the present session. The only bill in that list that affected veterans affairs was one to amend the Veterans Land Act. There is also of course a bill to amend the Pension Act already standing on the order paper which obviously will be referred to the committee. Therefore the present position is that we can expect to have only two more bills for consideration by the special committee. On the same day the Prime Minister was asked about the possibility of amendments to the War Veterans Allowance Act. The question and answer will be found at page 4276 of *Hansard* of April 30. The hon. member for Royal (Mr. Brooks) asked the following question:

> I should like to ask the Prime Minister if he has not forgotten to bring in an amendment to the War Veterans Allowance Act. I am sure there will be great disappointment if no amendments to that act are brought in at this session.

The Prime Minister answered that question as follows:

> I have stated a complete list of the government's program for the remainder of the session.

It is perfectly obvious therefore that unless there is a change of mind on the part of the cabinet there will be no bill to amend the War Veterans Allowance Act at this session and therefore the special committee, under its terms of reference, cannot consider the question whether or not the present War Veterans Allowance Act is adequate. That, I am sure, is contrary to the expectations of veterans from one coast of Canada to the other. I have here a press dispatch reporting on a letter written by the Minister of Finance (Mr. Abbott) which shows that he too expected that this subject would be considered by the special committee. In Vancouver quite a campaign has been carried on with respect to the question of war veterans allowances by the West End branch of the Canadian Legion. Reports of their activities have appeared in a district paper known as the *West Ender* each week. I have here a copy of that paper for March 17 which contains this report concerning a letter written by the Minister of Finance:

Canada's finance minister, Hon. D. C. Abbott, is a very busy man but he took a few minutes to reply to our petition in behalf of the W.V.A. pensioners. Mr. Abbott states that veterans problems are under continuous study by the veterans affairs department, and legislation providing benefits are continuously reviewed. In conclusion he adds—

This is the part I wish to emphasize.

—that all due consideration will be given to W.V.A. recipients and that the problem will come before the special committee on veterans affairs to be set up during this session.

You see, Mr. Speaker, this question of the war veterans allowance is far and away the most important question worrying the veterans of Canada today. It is of course of concern to every war veteran who is interested at all in veterans problems, and to the great veterans organizations of Canada. For example, when the Canadian Legion appeared before the cabinet in November of last year their first and main submission had to do with the war veterans allowance. I have no doubt the Prime Minister was present at that interview and that he will remember that the Legion placed the greatest emphasis on the need for amendment of the War Veterans Allowance Act.

It has also been the most important question concerning veterans affairs in this house. It was considered at great length and with some care by the last special committee on veterans affairs which met in 1952. I draw to the attention of the Prime Minister and the Minister of Veterans Affairs the recommendation which finally came out of the special committee in 1952 respecting war veterans allowance. It was a unanimous recommendation; in fact, it was moved by the members of the Prime Minister's own party. Members of the opposition had previously moved a stronger recommendation but it was voted down. Then the Liberal members on the veterans affairs committee brought in this recommendation which was passed unanimously. It read as follows:

Your committee further recommends to the government continued and sympathetic study of the needs and requirements of recipients of war veterans allowance, keeping in mind the recommendations of veterans organizations in that respect—

It will be noticed that here the committee picked out one particular point.

—and particularly with regard to permissive income.

In practically every other case in my memory where there has been a recommendation from a special committee on veterans affairs it has been acted upon by the government, usually during the same session. It is two years ago that this recommendation was made and yet the government has never acted. I do not say that the government failed to consider the question, but if the cabinet did consider it at all they obviously turned down the recommendation of the committee. Putting the matter on the basis of fairness to a committee of this house, on the basis that a committee of this house just two years ago made a definite recommendation for consideration of the need of amendments to the War Veterans Allowance Act, I suggest that the committee now being set up should be given the power to consider this question even though the government is not prepared at the moment to take any action by way of introducing an amendment.

The committee could hear from the department. No doubt there is a story to be told by the department with respect to the War Veterans Allowance Act. No doubt the officials would say that a special new provision was written into the act in 1952 which took care of many war veterans allowance recipients. However, I have here a return tabled for the hon. member for Burnaby-Richmond (Mr. Goode) giving the number of veterans who have benefited by reason of that change as of the 31st of October, 1953. They only amounted to 761 out of a total of 31,234. In other words, just slightly over 2 per cent of the recipients of war veterans allowance at that time were able to take advantage of the amendment which was put into the act in 1952.

This committee could hear from the veterans organizations. Surely, we are not to be put in the position where they are called before that committee but are not allowed to make any recommendations concerning war veterans allowances. I repeat that is the main problem facing the veterans

of Canada today. If the veterans organizations are allowed to make submissions, but the committee cannot make any recommendations, where is the sense of the committee being in that position? I suggest the committee should be given the power to deal with this question, to hear representations and to make recommendations to the house just as it did in 1952. If the government does not see fit to accept those recommendations, then that of course will be the responsibility of the government, as it ought to be.

This action of setting up a committee and depriving it of the power to deal with the main veterans problem amounts, in effect, to putting a lid on the problems that are worrying the veterans at the present time. In fact, it amounts to making this veterans affairs committee nothing more nor less than a rubber stamp to approve the four bills introduced by the government, and with practically all the terms of which everyone is in agreement. The work of the committee is reduced to such an extent it is hardly worth while setting up a committee at all.

I am not going to go into the reasons why the War Veterans Allowance Act should be amended. I believe they are well known to every member on the government side, just as they are to every member on this side. This afternoon I was struck by one fact brought out by the hon. member for Edmonton-Strathcona (Mr. Hanna). Incidentally, he is the only government supporter who has spoken in this debate, outside of the minister. This hon. member had the courage to say he thought this question should be faced at this session. He pointed out that now in Alberta a civilian can get an old age security payment from the dominion of $40, and an additional $15 from the province, whereas a veteran of course is limited to a total of $50.

The same situation exists in my own province of British Columbia. There have been amendments this year that have changed the law so that now a civilian, even a man who served in the German army and came to British Columbia afterwards, can now get $55 a month, whereas a man who was fighting in the front lines for Canada can only get $50 under the War Veterans Allowance Act. There is also the fact that the permissive income is only $10 a month, both in the case of a single veteran and of a married veteran. This is absolutely unfair. When the veteran reaches 70 and becomes eligible for old age security he cannot get the full $40 like everyone else in Canada. He is discriminated against because the ceiling on his permissive income is so low. However, this is not the time to go into these details. They are bad enough, but I think everyone here knows about them.

It seems obvious that the veteran is being put on the basis of a welfare case. The war veterans allowance recipient is being treated the same as a civilian welfare case. It is for that reason we cannot get any improvement in the situation, and *The Legionary* put that quite clearly in the January edition in an article entitled "1953 in Retrospect":

> Time and again we have been told by the Prime Minister and members of the cabinet that war veterans allowance rates and ceilings cannot be permitted to get too far out of line with other social benefits such as old age pensions, pensions for the blind, etc. Time and again we have pointed out that citizens of Canada are not required to render any special service to this country in order to become eligible for the usual social benefits available to all under certain conditions. On the other hand the veteran, before becoming eligible for war veterans allowance, must have served in a theatre of actual war and we are satisfied that the Canadian people would in consequence place him in a preferred position.

Leaving the act as it is means that the government is ignoring the fact that this is a claim by the veteran for services rendered. It is in the nature of a debt owing him by his country, and I believe is recognized as such by the Canadian people even if it is not so recognized by the government.

I should like to point out, Mr. Speaker, to the private members on the government side of the house that they could force the government to introduce amendments to the War Veterans Allowance Act during this session if they took a stand in this debate today. This is the time to do it. Do they believe that the War Veterans Allowance Act should be amended at this session or do they not? If they do, let them stand up and indicate to the government what they think should be done. Every single member on the opposition side, no matter to what party he or she may belong, stands firmly for changes in this act, and stands firmly for the veterans problems being aired in the special committee on veterans affairs. I believe most members on the government side feel the same way. I would hope that the Prime Minister would make his supporters feel free to express their opinions on this question rather than make it a party matter. Surely where the vast majority of the members here who have been elected by the people of Canada believe some action should be taken, the government should not make them go against what they feel on such a question.

I do not doubt that practically every member here today, including the members of the cabinet, told the veterans last year that this War Veterans Allowance Act would be

amended. I do not think there are many here who did not take that stand in the election just one year ago. This is the time to act. I hope this parliament will not put itself in the position of raising the pay of members and senators, then two or three weeks from now of every judge in Canada, but not giving any help to these front-line veterans. They have a far greater right to consideration than anyone in this house or in the Senate or on the bench in this land. Now is the time to see that they are given that consideration to which they are so fully entitled.

Mr. Hanna: I rise on a question of privilege, Mr. Speaker. I wonder whether I might correct the misinterpretation placed on my remarks by the hon. member for Calgary North (Mr. Harkness). I am sorry he is not in the house at the present time. I was out of my seat for a few moments this afternoon, and I am informed the hon. member told the house I had said I was confident that the government shared my view in the matter of war veterans allowances. That is not what I said. I am not confident that the minister shares my view, although I hope he does. I was speaking particularly of a situation that is likely to develop in Alberta where veteran old age pensioners may receive $10 a month less, as a couple, or $5 a month less for a single person than does a non-veteran old age pensioner. I had intended to say I was confident that the government would share my view that the veterans who are pensioners in Alberta should not be placed in a less advantageous position than non-veteran old age pensioners.

Mr. Winch: In other words, you have lost confidence in the government.

Mr. Hanna: Not at all.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, whatever confidence or lack of confidence the hon. member for Edmonton-Strathcona (Mr. Hanna) may have in the government, I dare to believe that most private members on the government side of the house are still hoping that before this session ends something will be done with respect to the War Veterans Allowance Act. It seems to me that the way in which the ball might be started rolling in connection with this important question would be for the government to agree to an enlargement of the terms of reference of this motion so that this important question might be discussed by the special committee to be established when this motion passes.

Most hon. members who have spoken this afternoon have referred to this motion as one for the appointment of a committee on veterans affairs. I suppose there is a sense in which that is the correct terminology. But I am inclined to agree with the view expressed by my colleague, the hon. member for Cape Breton South (Mr. Gillis), when he says that this is not a committee on veterans affairs in the sense in which we have known those committees in years gone by.

I recognize that when the Minister of Veterans Affairs (Mr. Lapointe) announced to the house on February 11 that he was going to place a motion on the order paper he used these words:

> It is therefore proposed to set up a special committee on veterans affairs this session.

But I suggest—and in this I do not think I am just being technical or legalistic—that this is not a motion to set up a committee on veterans affairs at all; this is a motion to set up a committee to which will be referred three bills. Two of those bills are named in the motion—a bill to amend the War Service Grants Act and a second one respecting the benefits for members of the Canadian forces. The third bill, as we know from what we have been told on other occasions, will be one to amend the Veterans Land Act.

Members supporting the government may argue that this is, in effect, a veterans affairs committee because the bills with which it will be dealing are bills relating to veterans affairs. But the committee suggested is not a veterans affairs committee as the House of Commons has known it in the past. And I must congratulate the Minister of Veterans Affairs upon not having tried to say in the wording of his motion that this is a veterans affairs committee. It is just a special committee to deal with three bills the government has decided should be referred to such a special committee. It is not a committee to go into the broad question of what our veterans in Canada need at the present time, as previous veterans affairs committees have been permitted to do.

I feel strongly that the whole question of the terms of reference of the committee should be reconsidered. I would hope that the Prime Minister, who has listened to all the appeals that have been made this afternoon, might reconsider the terms of reference. I would hope that the strong appeal made a few moments ago by the hon. member for Vancouver-Quadra (Mr. Green) might lead the Prime Minister to reconsider this whole question.

As I indicated earlier, I could not but go along with Your Honour's attitude toward the amendments that were made, so far as the procedural position is concerned; but it is still possible for the government to respond to the wishes of the house and to ask the consent of the house to change the terms of this motion.

Since it is not possible to move an amendment asking for the inclusion of other matters such as the War Veterans Allowance Act, it is therefore not possible at this time to get a vote on that specific question by itself. Perhaps that is one reason that there may be more speakers in this debate than might otherwise be the case, because members generally in all parts of the house feel so keenly on this issue that they are anxious to express their views.

So far, as has been pointed out, apart from the minister who introduced the motion, we have heard only one speaker from the government side of the house, the hon. member for Edmonton-Strathcona. I hope there may be other speakers. Indeed I am waiting anxiously to hear from the hon. member for Vancouver South (Mr. Philpott). On February 11, when the Minister of Veterans Affairs announced that it was his intention to file notice of a motion for the setting up of this committee, the hon. member for Vancouver South made a very short speech in which he expressed his pleasure at this announcement. He even went on to say that this would now give him an answer to the 427 postcards that were lying on his desk upstairs. I would like to know what answer he gave on that occasion to those 427 postcards, and I would like to know further whether he has amended that answer.

When one reads the very brief statement the hon. member for Vancouver South made on that occasion it becomes quite clear he had confidence that the bringing down of a motion for the setting up of this committee meant that consideration was going to be given at this session to amending the War Veterans Allowance Act. As I say, now that he knows it is the government's intention that that matter shall not be referred to the committee, and that there shall not be a bill amending the War Veterans Allowance Act, I am wondering what amendment he is sending out to the answers he gave to the 427 veterans who sent him the postcards.

I have referred to the hon. member for Vancouver South, not to be critical of him for the view he expressed on February 11, because the same view was expressed by members in all parties. We were delighted with the announcement. It came as a surprise, right in the midst of another debate. I repeat that we were delighted with the announcement that a special committee on veterans affairs was to be established. What we are now disappointed in is that we are not getting a special committee on veterans affairs; we are getting merely a committee to consider three bills and nothing more. The terms of reference are limited, so limited that it will not be possible to discuss an important matter such as the War Veterans Allowance Act.

And so I hope that, even yet, before the debate goes much farther, Liberal members, like the hon. member for Vancouver South and others on that side of the house, who I am sure are just as anxious as we are that something be done on this question, will enter the debate and join with us, as private members on all sides of the house, in making it known to the government that this session must not end without something having been done about the War Veterans Allowance Act.

Mr. Speaker, may I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Knowles: Mr. Speaker, just before the house rose at six o'clock I had expressed the hope that we might yet hear, during the course of this debate, from the hon. member for Vancouver South. I am pleased to see that he is in his seat at this time, and I dare to hope that he will accept my invitation. Indeed, Mr. Speaker, I wish to express very strongly the hope that a number of hon. members on the government side of the house will speak for at least a few minutes during the course of this debate. We would like to hear from the hon. member for Vancouver-Burrard (Mr. MacDougall); we would like to hear from the hon. member for Rosthern (Mr. Tucker); we would like to hear from the hon. member for Spadina (Mr. Croll), as well as from others whom I could name.

Some may be asking: Why do the members on the opposition side of the house want to hear from government members in a debate of this kind?

Mr. Harris: It is a little unusual.

Mr. Knowles: The Minister of Citizenship and Immigration suggests that it is a little unusual.

Mr. Pearkes: Perhaps he will speak.

Mr. Knowles: The hon. member for Esquimalt-Saanich suggests that it may be a good idea to hear from the Minister of Citizenship and Immigration.

Mr. Pearkes: He is a returned man.

Mr. Knowles: His contribution would be listened to with a great deal of interest. All levity aside, the reason why we would like to hear from private members on the government side is that we attach extreme importance to our contention that the terms of

reference of this motion should be enlarged. We can make that appeal from the opposition side of the house. We are doing so. I imagine it will continue to be made during the course of the debate this evening. It is quite clear what it is we mean when we say that the terms of reference should be enlarged. We mean that this committee should be given the right to discuss the amendments to the War Veterans Allowance Act which we believe are very necessary.

Let us be quite frank about this. There is no doubt that people in the country will approve of the stand that the opposition members are taking during the course of this debate. There is no doubt that in time we shall win our point but time can sometimes—

Mr. Lennard: Just before the next election.

Mr. Knowles: —stretch out. The hon. member for Wentworth has just put in a very apt comment; but, Mr. Speaker, this question is serious. We want action, not just approval of the speeches we are making; we want action on this matter at this session of parliament. We believe that it would strengthen our efforts, that it would bring something about for the veterans of this country, if the Prime Minister and the members of the cabinet knew from what was said on the floor of this house that the private members on the Liberal side of the house are just as concerned about this issue as are members on the opposition side of the house.

It has been said by a good many already that it is a bitter disappointment to be told that there are to be no amendments to the War Veterans Allowance Act at this session of parliament. As hon. members know, questions on this point have been asked repeatedly during the course of this session. I have asked a number of them myself. The last time that a question on this subject was asked on the orders of the day was on April 30, when the hon. member for Royal (Mr. Brooks) put a question to the Prime Minister, after the Prime Minister had listed the remaining items of business for this session of parliament. He asked the Prime Minister whether he had not forgotten to announce an amendment to the War Veterans Allowance Act. This was the brief reply made by the Prime Minister, as found at page 4276 of *Hansard* of April 30:

> I have stated a complete list of the government's program for the remainder of the session.

That statement seemed to close the door on any possibility of an amendment to the War Veterans Allowance Act at this session of parliament. But, Mr. Speaker, we have seen doors that were apparently closed, pried open on previous occasions, and I am joining with other hon. members on this side of the house in asking private members on the government side to join with us in trying to pry this door open so that we might get consideration at this session for those veterans who depend upon the terms of the burnt-out pension or the war veterans allowance.

Of one thing I am sure, despite my lack of confidence in this government. It is that this government would not think of bringing in legislation decreeing that any veteran, or any number of veterans, should be asked to starve. To a great many veterans that is just what it seems like when, with all the rest of the legislation that has been brought in at this session of parliament improving the position of other people, there is nothing to amend the War Veterans Allowance Act. I am sure that this government, in its most callous moments, would not bring in a bill discriminating against our burnt-out pensioners, our burnt-out veterans, particularly those of the first war. It would not bring in a bill saying that their services should be forgotten. But many of those veterans—other hon. members know it as well as I do from the letters they receive from them—feel that that is exactly the kind of treatment that is being accorded them by virtue of failure of the government to do anything about the the War Veterans Allowance Act at this session.

What the government will do regarding legislation is a matter that has to be decided by the cabinet, but surely this simple request that we are making is one that should be met; namely, that this committee's terms of reference should be broadened so that the members of that committee will have the unquestioned right to discuss the War Veterans Allowance Act.

I appeal to the government to consider enlarging the terms of reference. I appeal to Liberal private members in this House of Commons to join with us in making that plea to the government.

Mr. Pearkes: Mr. Speaker—

Mr. Speaker: I was informed that the hon. member for Oxford would like to say a few words on this resolution; and because he has to go away, would the hon. member for Esquimalt-Saanich and other hon. members please give way to the hon. member for Oxford? I am sure he will appreciate it.

Mr. Pearkes: I am pleased if you will see the hon. member for Oxford, and if you will see me later.

Mr. Speaker: After the hon. member for Oxford has spoken, I will see the hon. member for Esquimalt-Saanich.

Mr. W. B. Nesbitt (Oxford): I should like to thank the hon. member for Esquimalt-Saanich (Mr. Pearkes) for his courtesy in this matter; I thought it had been brought to his attention. At long last, Mr. Speaker, the resolution having to do with the committee on veterans affairs has been brought before the house. Many veterans throughout Canada and their families will be pleased that the resolution has been acted upon. However, it is something like the very famous old proverb that appears in the Good Book. If I am not correct in this I am sure somebody will call it to my attention. In any event the proverb goes something like this: The mountain laboured and brought forth a mouse. I am quite willing to agree that a mouse, albeit small, is better than no mouse at all.

Hon. members who are to be members of this committee will be very glad to have the committee set up so that we shall be able to get to work on the legislation, such as it is. I should like to agree with the numerous hon. members who have already expressed certain thoughts with respect to this committee, and have also expressed their opinions.

I believe this committee rather than being a special committee ought to be a standing committee of this house. I think the subject of veterans affairs is sufficiently important to justify the appointment of a standing committee. I also agree with other hon. members who have suggested that this committee should have a larger membership. There are a great many members in this house who have served in one or both world wars and who should like to have an opportunity of sitting on this committee. But since the committee is comprised of only 31 members not many of us will have the opportunity to do so.

I was interested in the suggestion made by the hon. member for Cape Breton South (Mr. Gillis) and his opinion of the manner in which this committee conducted its affairs previously, namely in a non-political manner. Problems concerning war veterans were brought up by committee members themselves and that was an excellent way of running a committee such as this, and I think it would be agreeable if that type of committee were set up again at the next session of this house. I believe all hon. members will agree that veterans affairs is not a subject which should be made a political football.

However, I would like to congratulate the government on the excellent veterans legislation which has been passed in the years since the war. I agree with other hon. members that there may be other countries which have legislation just as good, but certainly no other country has better legislation. Nevertheless, there is always room for improvement. Since 1945 there has been a great change in conditions in Canada. For example, our population has increased a great deal and the number of new houses has increased considerably in the suburbs of our large cities. Certainly most Canadian cities large or small in Canada have expanded their boundaries and veterans who previously had two or three acre plots in the townships now have their homes in urban areas and carry a much heavier burden of taxation. Moreover, I believe it has been found by experience that while the two and three acre plots were supposed to make people independent in the event of a recession, these plots are much too large to be worked by hand and too small on which to operate machinery. That is just one example of the change which has taken place in Canada. In addition, because of the expansion of our urban areas it is now very difficult for anyone to obtain a plot of a suitable size near his place of employment.

I had hoped that when this committee was set up it would be able to deal with the recommendations set out in the brief presented to the government by the Canadian Legion last fall. I believe the recommendations suggested in that brief were fair and reasonable and not at all out of proportion. These recommendations were carefully thought out and have taken the changing conditions I have outlined into consideration. I am expressing these facts not because I happen to be a member of the Canadian Legion, but because I really believe the recommendations set out in that brief are all worthy of consideration at this time.

Now, Mr. Speaker, I would just like to comment briefly, without transgressing your ruling today, on certain matters which will be discussed by this committee. The first question to which I would like to refer is the suggested change in the Veterans Land Act. From what we have been able to gather these changes seem very appropriate and will probably be of considerable benefit to veterans and will serve to bring the present legislation into line with conditions existing in this country at the present time.

There is one matter which unfortunately will not, it appears, come before this committee and that is the question of possible amendment to the Pension Act. The minister is no doubt aware that section 13, subclause 1, paragraph (a), and section 13, subclause 1, paragraph (c), which ameliorates the first section I mentioned, cause a great deal of hardship. I just mention that in the hope

that the minister will give it his consideration. I see Mr. Speaker looking at me and I must be rather careful and avoid going into detail.

The last thing I would like to mention in passing is one which has been mentioned by almost every hon. member who has spoken in this debate and that is the matter of veterans allowances. I agree with other hon. members who feel it is a great pity that this committee when it sits will not have an opportunity to consider legislation in this regard. I believe I am quite safe in saying every veterans organization in Canada, and the Canadian Legion in particular, feel this matter of veterans allowance is the prime problem which concerns every veterans organization at the present time. As other hon. members have pointed out, the matter of increasing these allowances and raising the ceiling of permissible income should be brought before this committee. Certainly legislation in this regard is very much needed, and of great importance to veterans generally.

I have heard it said by some veterans that after all in the first year after the election one cannot expect too much, and that possibly some legislation will be introduced at another session, closer possibly to the date of the next election. I am quite sure the government would not like to give veterans the impression that this matter of veterans allowances is being used as a political football. I just mention this because as Shakespeare said: It is not what is truth, but what people believe to be truth. Unfortunately I am afraid a great many veterans will gather that impression.

In conclusion I would just like to reiterate that I hope before the session is concluded that the door may be opened for the committee to examine this question of veterans allowances.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, reference was made by two previous speakers this afternoon to directive No. 25, 1953. It will be recalled that during the fall session of this parliament I asked questions of the Minister of Veterans Affairs (Mr. Lapointe) regarding this directive which had been issued during the summer when this house was not in session. That directive made changes with respect to casual earnings. At that time casual earnings were defined as that amount of money which might be obtained through odd jobs but not exceeding $2 per day. The minister explained that there was some ambiguity about that definition and very kindly offered to look into the matter. As a result of his investigation and the investigation undertaken by the chairman of the war veterans allowance board this amendment was introduced. Casual earnings are now defined in a far more generous manner than hitherto. The directive refers to earnings obtained through work in jobs not of a regular nature, and it goes on to say:

> Earnings by a recipient and/or his wife resulting from part-time regular employment such as a caretaker for a church or school, a canteen attendant, a crossing guard, self-employment at home on a part-time basis, etc.

Such earnings would be considered as being exempt. Then in another paragraph it goes on to say that earnings by a recipient and his wife resulting from full-time temporary employment of limited duration such as at summer camps, guard duties, collecting tickets at race tracks, replacing a regular employee on holidays, harvesting or other similar activities of relatively short duration would not be considered under the title of that income which would have to be deducted. All those are excellent regulations. I am highly pleased that the minister has been able to authorize that extension. But that extension does not cover the whole field. When this committee is set up I would hope that there will be discussion of these regulations which are in many respects more far-reaching than any of the minor amendments which are being introduced under the different bills to which specific attention has been called in this resolution.

I am not asking for a general discussion necessarily on the War Veterans Allowance Act. I am asking that this memorandum be placed before the committee, partly so that the memorandum may be brought to the attention of the nation. As was said by the hon. member for Cape Breton South (Mr. Gillis), little publicity has been given to this memorandum. It was issued at the time of the Easter recess and there was little opportunity for anybody to discuss it. If this memorandum is placed before the committee with the amendments to the various other bills which are to be introduced the committee would then have an opportunity to discuss the extent to which this memorandum meets the problem of the older veteran.

It is not my intention, Mr. Speaker, to delay the house for long. I am an old soldier, and I am getting older every year. I suppose I am getting more and more cantankerous as the years march on. I am sick to death of pleading with this government for the old soldiers of Canada. I think the time has come when this government needs an urge to do something rather than pleading to do something for the old soldiers. It is my great good fortune—I served in a number of units during

the first war—to have had the opportunity of meeting many of the men who forty years ago this year left Canada to fight for the then king and for this country. Those men are advancing in years. They have given so much in the past that they are finding it utterly impossible, in hundreds of cases, to keep up with the modern trend of life today. They have been looking to this government to do something now to help them meet the critical situation with which they are faced in their declining years.

They have the approach through the Canadian Legion; but only a comparatively small percentage of veterans are in the Canadian Legion; they are not all in it. I wish that every ex-serviceman was a member of the Canadian Legion. Then perhaps the government would pay more attention to what the Legion has to say. They sort of brush them aside because there are only perhaps some 300,000 members in the Legion out of one and a quarter million veterans in Canada. But the Legion speaks for that one and a quarter million veterans, even though they are not all members of the Legion. The Legion has been demanding that something be done for these old soldiers.

It is all very well to ask for extensions of this resolution, but extensions are quite unnecessary. Right there in the wording of this resolution there is ample opportunity for this committee to be given the chance of examining the legislation which is passed. The government itself is issuing a challenge. The government says "and any other legislation which the government may be prepared to place before the committee." All this government has to do is to come forward with amendments to the War Veterans Allowance Act and then the committee can discuss it. It is not for the members of the opposition or for the House of Commons to say whether this problem is going to be discussed in the committee; it is for the government to say that. The government can introduce an amendment. The government knows full well what amendments are required. If there is any doubt at all, then let the committee discuss the matter and make a firm recommendation as to what are the best types of amendments to be made. The amendments suggested by the government can be discussed in the committee and, if necessary, can be modified. But the government is afraid to come forward with any amendment. The government is afraid to place an amendment to the War Veterans Allowance Act before the committee which it itself is recommending to be set up to consider such legislation as it may choose to place before the committee.

Let the government make the decision. Let the government now choose to bring forward an amendment which will relieve the doubt, uncertainty and suffering with which these old soldiers are now faced. The matter is up to the government. If the government refuses to measure up to its own challenge to place before this committee such legislation as it feels should be placed before it, then that government is guilty of most callous indifference and utter failure to realize the situation which is facing the veterans of Canada today. The government knows what is the situation. The government can bring in the legislation. If it fails to do so, I consider it to be an atrocious affront to the ex-servicemen of this country.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I am sorry that the hon. member for Winnipeg North Centre (Mr. Knowles), who was extremely anxious to hear what I was going to say, does not seem to be in the house. I have something to say which I am fairly sure he would like to hear. I cannot help recalling to the mind of the hon. member for Esquimalt-Saanich (Mr. Pearkes) that I had the honour, a great many years ago—in 1917, I think it was—to occupy the next hospital bed in the field dressing station during the same week that the hon. gentleman won his Victoria Cross. My regard for the hon. gentleman was high then, and it is higher now, even though I think he has developed a louder voice in the subsequent 30 or 35 years.

If my hon. friend and my friends generally in the opposition were sincerely to forget party politics just for a minute I think we would all come to the conclusion that, in spite of all the things that we have done or left undone in this Canada of ours in the past 30 or 35 years, no one could ever accuse this country of being ungrateful to the men who served it in the theatres of war. I say that because there is not an hon. member in this house, there is not an intelligent citizen in the whole Dominion of Canada or, for that matter, in the entire British commonwealth, who does not know that Canada's veterans legislation is the best veterans legislation bar none in the entire world.

I know a little about veterans legislation from both ends, the giving end and the receiving end. I think that I have been in as many veterans hospitals as a patient as probably most hon. members in the house. I must say that I fooled the doctors a bit because after they had washed me up about 30 years ago and had given me only a few months to live I kept out of the hospitals for about 30 years. When I went back

into the hospital last year, probably because of my very bad temper at the change of government in British Columbia, and stayed there for a couple of weeks to recuperate I could not help but be impressed by the fact that in the 30 years since I had been in that hospital the change in the whole veterans administration was really something wonderful. I venture to say that those of us who go next Sunday to see the opening of the wonderful new veterans hospital at Ste. Foy will come to the conclusion that there is not a finer hospital in the country and that the veterans hospitals are on a par with the very finest institutions in this land.

I am frank to confess that I would have preferred it if the government had made the terms of reference of the committee a bit wider. But as the hon. member for Esquimalt-Saanich suggests, any aggregation of men with good common sense and intelligence can always take terms of reference and interpret them liberally even if they are good, staunch, true blue Tories. I am sorry to say that the hon. member for Winnipeg North Centre could not have read the full text of my speech, part of which he quoted this afternoon.

Mr. Knowles: Oh yes, I did.

Mr. Philpott: If he had read in full the speech to which he referred this afternoon he would have seen that while I hoped the government would make the terms of reference wide open, I had had enough experience of the democratic process to know that intelligent people could take any terms of reference and pretty well say anything that requires to be said within those terms.

Mr. Brooks: I tried that this afternoon.

Mr. Philpott: When someone asked our own Prime Minister (Mr. St. Laurent) at the United Nations one time whether such and such a question would come up I remember that he said he was quite sure that, regardless of the agenda, the delegates there would find ways and means to discuss anything that required to be discussed. Therefore I for one have no hesitation whatever in believing that the veterans affairs committee will be an intelligent committee and will find ways and means to discuss anything that falls within its common-sense purview, including the Legion brief or anybody else's brief.

I am sometimes a bit amazed at hon. friends opposite, especially hon. friends immediately opposite me, who always clamour to the high heavens for more welfare legislation. They are for everything so long as it does not have to be paid for. I remember what they said when we introduced the 40-hour week for the post offices.

[Mr. Philpott.]

Mr. Speaker: Order. I realize now how right I was this afternoon when I asked that the rule of relevancy be observed. If there is a wide open discussion there will be rebuttals. I think the hon. member understands that on this resolution, which after all only involves a discussion of the desirability of appointing a committee, something that apparently meets with everybody's approval, his remarks should be relevant to the matter under discussion.

Mr. Philpott: May I say again how delighted I am—

Mr. Knowles: You see that you do have to stick to the terms of reference.

Mr. Philpott: —with the setting up of the veterans affairs committee. It seems to me that it is one more step in the creation and maintenance of the finest welfare state in the entire world, one other brick in the structure of which will be placed when we get the allowances this week for disabled persons.

Some hon. Members: Order.

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, several times during this discussion hon. members have referred to the excellence of the legislation on our statute books concerning the problems of the veterans. No one, I think, is disputing that point and I see no need to continue to emphasize that particular aspect of the topic. Certainly those veterans of world war II, who have benefited from certain phases of the legislation, would agree 100 per cent. When I was discussing the veterans legislation with a certain group of individuals on one occasion they were quite surprised to discover that I had received benefits following the last war. One of them made the observation that perhaps the legislation would have been somewhat different if the government had thought that it was nurturing a viper in its bosom by means of the generous terms accorded to the veterans of world war II.

But I say that to emphasize that particular aspect in our discussion today is really begging the question. As I look at the resolution and try to interpret and understand the terms of reference from the point of view of how far they extend, it seems to me that they will narrow the scope of the veterans affairs committee, and that to do so is a retrograde step in the maintenance of the high level of veterans welfare legislation that we have already achieved in this country. I would suggest that the reason for the high quality of our veterans legislation is the fact, as was pointed out this afternoon by the hon. member for Wentworth (Mr. Lennard), that the committees which considered this subject

during the war had very broad terms of reference and were widely representative of all groups in the house. I submit that it is because of the wideness of those terms of reference that the legislation we have today was finally realized.

Looking at the resolution, it seems to me that we are moving away from that broader interpretation that has been so successful in the past. We cannot dwell on the past continually, and it is obvious there is some dissatisfaction concerning certain features of veterans legislation. The length of the discussion today would indicate that considerable pressure is building up. As I look at my mail from day to day I find in it letters pertaining to one or two controversial aspects of veterans legislation, and this would tend to suggest that there is some need for a more comprehensive consideration of the legislation than is indicated in the resolution before us this evening. With all the enthusiasm that I can muster I would support the representations of other hon. members that the terms of reference of the committee should be substantially broader than they now are.

Furthermore, I should like to support the suggestion that there should be a standing committee of this house on veterans affairs. I believe this as a result of my experience as a member during the past three years. I am discovering that a good deal of a member's time is spent in the consideration of veterans' welfare problems. I discovered further, as I discussed these matters with the members of the various departments, that there is a great duplication of the information requested concerning problems that arise repeatedly. I am sure that were a committee placed on a standing basis, the administrative officials would welcome the suggestion. It must be a source of great exasperation to them to be repeatedly considering the same problem, going over the same issues, when if we could get together at regular intervals we would find that these problems had assumed a general pattern and helpful solutions could be considered and a broader approach to these recurring difficulties could be realized. I would contend that if we had a standing committee it would have to be larger in terms of numerical membership than the committee indicated by this resolution. In this house there is a growing number of veteran members. I am sure there is not one of them who would not be anxious to have the opportunity to serve on a committee that might be dealing with such an important subject as the welfare of the veterans.

I do not need, Mr. Speaker, to re-emphasize the burning issue that has been repeatedly discussed today. The problem raised by every hon. member is that of changes in the basic rates and permissible earnings ceiling of war veterans allowances; that seems to be the crux of the controversy here this afternoon. I am sure much time could have been saved and this discussion could have been considerably abbreviated had the resolution, instead of referring obliquely to other legislation relating to veterans affairs, referred specifically to changes in the War Veterans Allowance Act. We could have then moved expeditiously to the establishment of the committee and there, in the close contact that is possible in deliberations of that kind, some successful solution could have been realized in regard to representations being made by all veterans groups concerning changes in the war veterans allowances.

I refer particularly, of course, to the work of the Canadian Legion in this respect. Again the Canadian Legion deserves much of the credit for the high quality of our veterans legislation. It is my hope that during the committee sessions we shall have an opportunity to hear from responsible representatives of the Canadian Legion. It would still be possible, as a result of those representations, to come to grips with the urgent need of doing something about the upward revision of the terms of the war veterans allowance.

Mr. Gordon Churchill (Winnipeg South Centre): I hope, Mr. Speaker, that the Minister of Veterans Affairs (Mr. Lapointe) is now well aware of the fact that the subject of veterans legislation is of serious importance to the members of this house. It is not a subject that can be introduced and disposed of in a few minutes. It is a subject that is treated with great seriousness by the members of this house and the people across the country.

I hope the minister realizes that there is great disappointment in his action in bringing this resolution to the attention of the House of Commons. It has been on the order paper for three months and we expected something different when the minister made his announcement on February 11 that the committee would be appointed. We thought then he was going to meet the demands that have been made from time to time in this house for a committee to consider all the problems affecting veterans. Instead of that we have a bit of camouflage in this resolution, and we have a so-called committee on veterans affairs that is really a special committee to deal with several bills affecting veterans.

According to the terms of reference, it is not intended that the committee shall look

further afield and look into some of the pressing problems affecting veterans. The terms of reference are restricted. From time to time a request has been made for a standing committee on veterans affairs, and with good reason. People in the house today, and on other occasions, have mentioned the excellence of the veterans legislation in Canada. I do not question that at all. I have not had the opportunity of making comparisons that others have made. It may be excellent, but that does not say it could not be improved. The fact our veterans legislation is better than that of some other country is no reason for resting on our laurels and not making the necessary improvements.

Mr. Brooks: It has never been proved.

Mr. Churchill: The hon. member for Royal suggests it has not been proved. I believe there are serious weaknesses in the veterans legislation. Perhaps those weaknesses are not in the charter but in the field of administration. This places the matter right before the minister. It is for that reason that a standing committee on veterans affairs, convened early in the session and given the opportunity to investigate the whole field of veterans legislation, would be able to find out the reason for the weaknesses that are only too apparent in the management of veterans affairs in Canada.

Let us just consider the need for investigating veterans problems. They are continuing problems. There are veterans of the first world war, ageing but many of them still alive. There are the veterans of the second world war and the veterans of Korea. Then for the first time in our history we have a large active army. We have no reason for too much confidence that there may not be other conflicts in which our young men may be engaged. We are faced, therefore, with veterans problems for many years in the future. So it is a matter of necessity that we carefully examine our veterans legislation and improve it from time to time to meet changed conditions. That is what has been asked for in this house. That is why we have objected to the terms of reference of this committee, which are so narrow. That is why we draw attention to the fact that one of the most pressing problems in Canada, that of war veterans allowances, is not being dealt with at this session.

Just consider the magnitude of the task with regard to veterans problems. Pensioners alone number 115,000, and each year applications are received for pensions, or for the reconsideration of pensions. An enormous amount of work is being carried out by departmental officials, by representatives of the Legion and by other organized veterans bodies across this country. I doubt if there is a member of the House of Commons who is not faced with some pressing veterans problems every month.

The magnitude of the task encourages us to press for an investigation of the veterans charter itself, and the administration thereunder. For example, last year there were 3,820 new awards for pensions. Of that number we are told 311 were for first-war applicants. Yet 35 years have elapsed since the conclusion of that war. Do we never solve the problems of the men of the first war, or do they have to die before the department is released from its bond?

One would have thought that by now, after all these years, there would be very few cases concerning veterans of the first war. What is the reason for the recurrence of these problems? Why are there so many of them? The report of the minister's department indicates that each year there are successive appeals, or applications for pensions by men of the first world war. These are followed by second hearings, by third hearings, by appeals and so on. The applications alone numbered more than four thousand in the last year. Of those a thousand were concerned with first war problems.

So I suggest that this is a matter of considerable magnitude. When we turn to the war veterans allowances branch we find again that the numbers are large. In the last 23 years 100,000 have been considered for war veterans allowances. The present figure is just under 40,000. Obviously soldiers of the first world war are dying off, so that from the financial point of view the problem is not as serious for the government. But the problem is still there. And with the men of the first world war now in their sixties and seventies—and I believe the average age is somewhere in the sixties—these are the ones requiring attention; and that attention should be given to them.

After 35 years surely we can meet this final obligation to men of the first world war, and settle this problem. But it is a problem to which the minister will not face up; because we know this question has been before the House of Commons year after year. We have been led to believe or have inferred that something would be done about it; yet once again nothing is being done. Hence the protest on this occasion concerning the narrow terms of reference in the resolution before us, and the attitude of the government toward this one problem affecting the veterans which, in the last two or three years, has become a problem of major importance. The number of men applying for war veterans allowances is increasing from year to year; but the number who

remain on the roll does not get very much larger because the older ones are dying off.

This is the situation we are asking to have settled; and it can still be done. The minister can alter his terms of reference to suit the events of the moment. Other members of the House of Commons can join in the demand that the terms of reference be widened. It could still be done this year, so that these older men who have served their country so faithfully may receive their just reward. And let us not forget that that was the purpose and the intent of the veterans legislation. In the book published by the minister of veterans affairs who held office in 1947, the late Right Hon. Ian A. Mackenzie, at the back there is a chapter headed "The History of Veterans Legislation in Canada", and at page 285 I read these words:

"The Veterans Charter", states the Hon. Ian A. Mackenzie, K.C., M.P., Minister of Veterans Affairs, "grew in spirit, substance and final form, out of the hearts and minds of a united people dedicating themselves and the lives of their sons and daughters to victory. Its basic provisions were the result of a desire to deal in a just manner with all who served."

I suggest, Mr. Speaker, that if we are to deal in a just manner with all who served we must approach the problem and get to grips with it. We have to have a committee that will deal broadly with all the problems of the veterans, a committee that will solve the problems of the older veterans and that of veterans allowances, a committee that will examine the whole system of the administration of this department, of the administration of the pension commission and of the veterans bureau, a committee that will determine what if anything is the matter—and I think there is something the matter—with veterans legislation itself, or the administration thereof.

Why are there so many cases each year? Why are there so many first hearings, second hearings, third hearings, fourth hearings and further hearings—and sometimes I notice that if you reach the fifth hearing you get results. But you do not get results on the first, second, third or fourth. Surely there is something wrong with our legislation or the interpretation thereof when it results in this type of extensive review of cases. Why is a case, which on its fifth hearing is settled favourably to the applicant, not settled at the first or second hearing? What is wrong? I cannot think new evidence is being brought forward, because everything is documented from the day a man enters the army until the day of his discharge. In some instances there may be new evidence; but I think the defect lies somewhere in the act, something that should be written into it, some interpretation of it that has to be revised. I find the pension commission and the veterans bureau have to deal with the problem of interpretation and put forth arguments as to how this or that phrase in the act may be interpreted. Are we informed of this body of interpretive law that is being built up with regard to the veterans charter? We would be if we had a standing committee on veterans affairs. These cases would be brought to our attention.

A standing committee on veterans affairs, looking closely into this matter, would ask for an interpretation of sections of acts that are not clear. Perhaps they would be able then to suggest amendments to the minister so the act could be clarified. By that means we would come not only to the assistance of the veterans themselves but also to the assistance of those people who are doing the hard work in the veterans bureau and in the pension commission. I am sure they would like to have some guidance from parliament in the solution of some of these borderline cases and some of the difficult problems that face them. I am not at all of the opinion that they are being too strict with veterans applications, or anything of that nature. They are bound by the instructions that they have to follow, and it is up to parliament itself to make those instructions broad enough and clear enough so that we do justice to those who served.

Consequently, Mr. Speaker, that is the reason for this protest of mine against the action of the minister on this occasion. On February 11 he promised us a committee on veterans affairs, and he ended up three months later with a special committee to discuss two or three acts, with small amendments thereto, and avoided the main issue of all that has been before us during the last two years, namely, the problem of war veterans allowances, and he certainly avoided a broad investigation of the veterans charter itself and the administration thereof.

Mr. Daniel McIvor (Fort William): I have been in this house a short while, but time seems to have passed very quickly. I have never been disappointed with the ministers of veterans affairs and the legislation they have brought in. The opposition are doing a pretty good job at this time in trying to show the weaknesses of this resolution, but I admit that they have a stiff job to prove it. I should like to ask the minister a question, which he can answer when he speaks to close the debate. In the resolution I find these words:

and such other legislation relating to veterans affairs as may be referred from time to time to the said committee.

My question to the minister is this: Can any member of the committee not stand up and ask that a veteran of the first war have his old age pension without a means test at

60? Can he ask that question and any other questions? This resolution is just as wide as the English language can make it, and the committee can ask any question. What is the business of the committee? What are they appointed for? Let them do their job and ask these questions of the minister, and I think we shall have legislation that the veterans of this country will be proud of.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I am sure the veterans and veterans organizations welcomed the government's notice some time ago that a special committee was to be set up to consider veterans legislation. Certain measures have been referred to that committee for consideration, such as the War Service Grants Act and a bill respecting benefits for the members of the Canadian forces, and perhaps one or two others. I know that the veterans and those associations are grateful for the legislation that has been brought in over the years, and without question it has brought many advantages to them. However, even if we admit that, we must also recognize the fact that they are far from satisfied with the present legislation on the statute books.

I discussed the matter with a number of the leaders of the Legion in various sections of my riding. They mentioned several things that they would like to see done, and other matters they would like to have considered. They find it difficult to understand why the government is not willing to accede to the request for a standing committee on veterans affairs, since we realize that these problems are with us and apparently will be with us for some considerable time.

It is the general feeling that if such a committee were set up it could deal with these problems as they arise. I am sure that veterans are going to be far from satisfied with the terms of reference of this particular committee. I may not fully understand the terms of reference, but it seems to me that some hon. members who have spoken this afternoon have said that the terms of reference are wide enough, or that we can get around them or under them or over them. That does not seem to fit in with my conception of terms of reference, and certainly this afternoon we were kept pretty close to the line. We were not permitted to discuss too much that went beyond the actual matters that were brought to us in this resolution, and it would seem to me that in the committee the same thing will happen. We will not be given too much latitude as far as discussing the other problems is concerned.

In my conversation with leaders of the Legion group they have mentioned several problems, and I am sure that the matters referred to the committee are not the major problems as far as the war veterans are concerned. They may be the concern of some, and I have no doubt they are, but I believe that once again the government is failing to face the problems and measure up to the expectations of the veterans and the veterans organizations.

Some major problems have been referred to today, and perhaps I could do no better than just say that I agree with the statement that certain things of paramount importance have been omitted. For instance, there is the matter of war veterans allowances, which we feel are far too low to meet the needs of men at this particular time, and at the present cost of living. I spoke to one particular leader who was on his way back to the coast. I am not sure of his name, but I think it was Williams. He told me that one of the things that helped the war veterans considerably was the fact that they could buy tinned meat so cheaply at the coast. He said it was a Godsend to them because they could not afford to buy fresh meat; they could not afford to buy the better type of meat and therefore they were living on the very cheapest that they could obtain. I feel that this is one of the problems of major concern, but apparently the government is not planning to give any consideration to the matter at all. I fear they will see to it that these terms of reference are tight enough to restrain anyone from dealing with it very effectively.

Another problem has been mentioned to me, namely, the problem of permissive ceiling, which again reminds us that at the present cost of living these ceilings are far too low. I would like to call attention if I could to some articles, but I suppose the Speaker would rule me out of order and therefore I shall refrain from referring to them. But I should like to ask by what process of reasoning is this ceiling maintained? Are we afraid that the veterans are going to get too rich? Just why do we maintain that ceiling on permissive incomes? I have heard it suggested that it is done to keep them more or less in line with the old age pensions and so on. Well, the same thing obtains there. I cannot see why it should be retained on the old age pension basis. I feel the veterans should be encouraged, rather than discouraged, to supplement their allowances to a point where they can maintain an adequate and a decent standard of living.

Another matter has been brought to my attention, and I believe that this could be considered and will be considered by the

committee, since it falls within the terms of reference. I refer to the changes in the regulations relating to earned income. I have been given to understand that that regulation stipulates that 50 per cent of the gross revenue derived from agricultural operations shall be considered as income for the purpose of the War Veterans Allowance Act. Now, Mr. Speaker, I cannot understand why we should consider that regulation just and proper. However, I believe the Department of Veterans Affairs is giving consideration to this matter and I trust their ruling will be fair and equitable as far as the veteran engaged in agricultural activities is concerned.

There are other matters to which I would like to refer, Mr. Speaker, but I do not wish to presume on the time of the house. Nevertheless, I feel there are three reasons why at this particular time we ought to give serious consideration to the plight of the war veteran. I believe gratitude demands that something further be done for these men who have hazarded their lives in the defence of the things we hold dear. They were willing to sacrifice everything they had. They sacrificed in their own lives everything that was dear unto them, and they were willing and to all intents and purposes did lay down their lives, just as did others, in the defence of the sacred things we enjoy. Therefore, I would suggest that we take a look at this situation again and reconsider some of the major problems. We request that the minister give consideration to these problems at this particular time and deal with them more effectively than has been the case in the past.

Again, I believe it is our responsibility to see to it that these men have sufficient to maintain them in a decent standard of living. I say we are grateful to them, and our gratitude demands that we do something to discharge the responsibility which devolves upon this government at the present time in regard to these war veterans.

Finally, I believe there is one other consideration, namely that consistency demands that the government do something further for these men at this time. A short time ago legislation was introduced in this house which was bitterly opposed by some and supported by others. I happen to be a representative of a group which supported that particular legislation. All hon. members I believe will realize that I am referring to the recent increase in indemnity for members of parliament. The government introduced that legislation and it was approved and we are all much better off for it. I supported that legislation and the group to which I belong supported it, but I feel that because of that there is an added responsibility upon this government to deal with problems affecting our war veterans. I cannot speak for other hon. members but I can say that I received some letters which were far from complimentary, and I was charged with feathering my own nest, and being interested only in myself. But I assured these individual war veterans, old age pensioners and others that I was just as anxious and more anxious to do something for them than I was in doing something for myself.

In view of that I would urge the government that they shoulder this added responsibility which devolves upon them, and do something now for those who are less fortunate, those who have given so much and who are suffering so much in so many ways. I would urge the government to take note of the privations being suffered by these men and request the minister to give further consideration to this matter and bring in legislation at an early date which will deal effectively with this situation.

In closing I should like to read a letter addressed to the editor of the Vancouver *Sun* and signed "Old Vet". The letter reads as follows:

> We who are about to die salute you. I speak for the burnt-out pensioners between 70 and 90, first war men.
>
> We appeal to you and your intelligent readers against the action of the D.V.A. in reducing war veterans' allowances. We find as we go on the old age pension they cut our W.V. allowance as veterans to $20, making a maximum of $60 a month.

Mr. Speaker: Order. The hon. member started out with very good intentions, but I think in reading a letter into the record without divulging the source he is getting away from the rules. The hon. member is aware that he should not read documents, telegrams, or letters unless he is prepared to give the source. It may be that before I resumed the chair he had given the name of the person whose letter he is now reading.

Mr. Patterson: I am very sorry, Mr. Speaker, that you have found it necessary to call me to order, but this letter was written to the editor of the Vancouver *Sun* and was signed "Old Vet". However, it goes on to say that because of the mere pittance upon which these men were forced to exist they could not pay for necessities, and because of lack of suitable clothing could not attend "the means of grace" on Sunday, and the letter urges that hon. members as they take their place in Ottawa support these people in their request.

Mr. J. A. MacLean (Queens): Mr. Speaker, like most of the veterans across this country I was very pleased when I saw this resolution

appear on the order paper three months ago tomorrow. There was one reservation though with regard to it, and that was the fact that it did not specifically mention any legislation with the exception of the two bills which are to be referred to this committee when it is set up.

Nevertheless, there is a line in the resolution which reads:

. . . and such other legislation relating to veterans affairs as may be referred from time to time to the said committee . . .

This held out a hope in the minds of most veterans, especially those who are veterans of world war I, that the government during this session intended to present amendments to other veterans legislation which could be dealt with by this same committee.

As time went on it became more and more evident that in effect the terms of reference were not to be widened and, in addition, that this line as it relates to other legislation will probably be meaningless. Added to that there was the disappointment that this committee was merely to be a special committee for the session rather than a standing committee. I believe it is important that we should have a standing committee. I believe it is important that we should have a standing committee of this house on veterans affairs. After all, we in this country have perhaps a million and a half veterans from four different wars, veterans who served in different theatres of war in different circumstances, and it is very difficult to draft legislation which can be interpreted in a manner which will be fair to all. Therefore, Mr. Speaker, at this time I want to express my disappointment that this committee has not wider terms of reference which would allow it to examine the additional legislation which it was hoped this government would bring before parliament during this session.

It is not my intention to transgress the rules of the house by discussing in detail the legislation I believe should have been brought down at this session and referred to this committee. Therefore I conclude my remarks by saying that I hope to deal with some of these subjects when the estimates of the minister's department are before the committee of the whole house. The matter can be discussed more fully at that time, if in the meantime the minister does not relent and decide to bring in some additional amendments to some of the veterans legislation now on the statute books. The whole veteran body of this country hoped that such amendments would be brought down.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, a number of hon. members have mentioned the melancholy fact that it is 35 years since the first world war ended. I say "melancholy" because for those of us who are veterans of that war it brings to mind the unfortunate fact that we are now becoming old men.

Today at noon I took a walk on a pathway around these buildings. If the Minister of Public Works (Mr. Winters) were here I would give him a piece of my mind about the condition of those paths. It is almost 40 years—39 to be precise—since I took that walk previously when I was in Ottawa waiting to go overseas in the first war. During these last few days, Mr. Speaker, knowing that this particular resolution was coming before us, I have been thinking of just what one should say in order to try to bring home to the members of the House of Commons of Canada the obligation they owe to the men who now survive from the first world war. Not many of us are left. Some of us, more by good luck than good guidance, are in a position in which we do not have to come to the people of Canada to enable us to live decently; but a great many are forced to come to the people of Canada.

I am going to suggest this to you, Mr. Speaker. A country such as Canada is today, in 1954—which is a far different country from the Canada of 1914—has no excuse whatever for niggardliness, caution or parsimony in the method of its treatment of the survivors of the first world war. I am not suggesting that those who went away from Canada in that distant summer of 1914 or 1915 were all heroes. We were not; we were ordinary, common human beings. However, I suggest this, Mr. Speaker. A vast number of those who came back from that war came back crippled physically or mentally or perhaps psychologically, and they were unable to find their place in a world to which they were not accustomed. Many of them perhaps, like myself, went into the army as mere boys, straight from school. We were not trained to find our way in a world of peace; we were trained to survive in a world of war. We were trained, in fact, to die and not to live. However, some of us survived and we had to learn how to live. It has not always been easy to do this.

I am going to suggest, Mr. Speaker, that the record of Canada with regard to the veterans of the first world war is not so noble and so high-minded as the hon. member for Vancouver South (Mr. Philpott) would have us believe it to be. I realize, of course, that the hon. member for Vancouver South is the self-appointed leader of the Greek chorus of paeans of praise for everything the Liberal government does. Nevertheless, I am going to suggest that the Liberal government and its predecessors have not always

been models of generosity. I am going to suggest to you, Mr. Speaker, that on occasion they have been deplorably mean and small-minded.

It has been stated here that the government has done a very good job with regard to veterans affairs. Undoubtedly it has done a fairly good job. Like the hon. member for Winnipeg South Centre (Mr. Churchill), I am not in a position to measure their accomplishments against those of other governments. However, I doubt whether Canada will stand so very far ahead of other nations of the world in that regard. I also greatly doubt whether our record is commensurate with our ability to carry out our obligations to those whom we asked to risk their lives in the service of this country. I am going to ask the Minister of Veterans Affairs (Mr. Lapointe) and this government if they really think that even the most extravagant demands from those who served Canada—those who, incidentally, not many years ago were practically promised the moon in exchange for their patriotic services—are going to break Canada? Do we really have to watch our pennies so carefully? As to every man who comes to us and says "You owe me a pension because I gave service in the armed forces of this country", do we have to be quite sure that he is not going to cheat us? Does it matter, Mr. Speaker? I for one would rather have the government and the people of Canada cheated by a hundred charlatans than to have one deserving case treated in a niggardly manner.

For that reason, Mr. Speaker, I would ask this government to take a second thought and to give us a wide-open committee, one which will have power to consider all the problems of the veterans of the first war, of the second world war and of the Korean war and to advance the most generous proposals. I suggest to you that the people of Canada will support their government in the most generous considerations they may make with regard to the situation of those whom we have called upon from time to time to risk their lives in the defence of this country and of the values for which this country stands. We cannot take one position when we are in danger and another when that danger has been removed.

I have never been able to forget an incident when a number of young men who had been wandering, homeless and destitute, across this country came to see me in Victoria to say good-bye before they left on the adventure of the second world war to defend a democracy that had given them destitution and a country which had had no use for their services. I cannot forget that those young men, nevertheless, went to deal for us with the appalling danger of the nazi menace to human civilization. I say this to you, Mr. Speaker. No matter what the circumstances of what any of those individuals may be or no matter how weak a character such a man may be in civilian life, you and I owe him a duty. We owe our self-respect a duty. I trust that this government, which is spending money with such a lavish hand on some extremely dubious enterprises for which I have yet to hear any reasonable justification, will on this occasion decide to listen perhaps to the voice of the opposition and to alter the terms of reference of this committee.

It may be, as the hon. member for Vancouver South says, that on this occasion, unlike all other occasions, this committee will be able to disregard its terms of reference. It may be that this Liberal government is different from other Liberal governments which I have faced in earlier times. But unless it is different I know very well that the committee will be held down rigidly to the very letter of the terms of reference, that no member will be allowed to stray one inch beyond. I am going to suggest to you, Mr. Speaker, that this government and this parliament will not be discharging their responsibility to the people of Canada and to the veterans of the Canadian armed forces unless they insist that the terms of reference of the committee be widened and that the committee be constituted as a standing committee of the House of Commons.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, to the best of my recollection I have never spoken in this debate before. When I first had the honour of being a member of this house I felt that the affairs of veterans were in good hands. I think they were in good hands all through the house. The late Ian Mackenzie, who had much to do with them in those days, was a man of the widest sympathy who really made the cause of the veterans his own. And all through the house there were others. But I feel that tonight I should like to add a very few words. I hardly know why except I think as time goes on and as those of us with whom life has dealt more kindly meet the comrades of those years we realize more than we did then that those who were most useful in war are often not the most useful in peace. We remember them as they were then, how brave, how gay, how humorous, and we often meet them now and realize that they have not fared very well in life. I suppose that as we and they grow older that feeling grows.

There is only one point I want to make. It seems to me that there is a very small

difference dividing us at the present time and that it could easily be resolved. What is being asked of the government is that they extend the terms of reference. I am not going into the merits of that. It has been adequately dealt with, I merely want to stress the fact that I think the difference is not a very great one. On the other hand, I think that for the hon. member for Vancouver South (Mr. Philpott) to suggest that a committee that is appointed to deal with A, B and C could rollick along and deal with D, E and F is not very sensible. That does not seem to be a serious contribution to the debate because even a person who knows as little of the rules as I do knows that we would not get very far if we did that kind of thing.

On the other hand, I feel that the hon. member for Vancouver-Quadra (Mr. Green) was absolutely correct when he said this afternoon there were many in all parts of the house who would like to see this matter discussed in broad fashion. I think many people agreed with the hon. member for Winnipeg North Centre (Mr. Knowles) when he said that this was not a committee to deal with veterans affairs but a committee to deal with the War Service Grants Act and the bill respecting benefits for members of the Canadian forces. I think that was true. I repeat that I think the hon. member for Vancouver-Quadra was representing the feelings of the house when he said that there would be a widespread disposition to have the matter discussed. And why not? Has the government not got ample safeguards? They will of course have a majority on the committee itself which I take it will not be wholly deaf to their wishes. They will then have their majority in the house which also is not deaf to their wishes. Why in those circumstances should it not be possible to have this matter discussed freely, frankly and in broad terms?

No one is asking—at least, I am not and I do not think anyone else is—for a committee committed in advance. All that we are asking is that this matter, which I believe is dear to the hearts of every member of the house, should be discussed in wide-open fashion. I find myself somewhat embarrassed perhaps in suggesting what may involve extra expenditure, but I would just conclude these remarks with these words: If we find what the amount is, if we find that we think something more should be done, then whatever else we do, whatever other economies we make, we should not make economies at the expense of what is right and just to these men.

[Mr. Macdonnell.]

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, in two terrible wars the noble youth of Canada have risen, marched, and stood, sufficient in their generation. But for their strivings, their sacrifices, and those of the hundreds of thousands of others from the vast expanses of the British Empire and commonwealth, we should not be sitting in this house today, or dwelling in the matchless land of Canada. The best we can possibly do is too little to compensate them for the measureless losses numbers of them have sustained. Considering the rich and varied wealth of production of which this nation is capable, and of which this nation has proved herself capable by actual achievement, the treatment that Canada has accorded to far too many of her veterans, right from the beginning, has been meagre, if not downright niggardly.

The requests of our veterans have in the main been moderate indeed. Their present requests are moderate. Take, for instance, the request that the war veterans allowance be raised to $60 a month for a single man. Who can possibly call that extreme? Take the request that the allowance be raised to $120 a month for a married man. I should like to see any member of the cabinet of Canada get out and try to live with a wife on $120 a a month. Far too many of our people have been raised with silver spoons in their mouths. They just do not know what it means to be up against rough going.

Mr. Harris: A good many of us have.

Mr. Blackmore: Take another instance, the request that the ceiling on permissive income be raised to $1,000 for a single man. To deny any man in Canada the privilege of earning as much as that is to subject him almost to slavery. The same is true of the request that permissive income be raised to $2,000 for a married man.

For years now I have been contemplating the treatment we have been giving our returned men. During recent sessions I have not voiced my disapproval to any great extent, although in former years I did. But it has always been a conundrum to me what could be the basic reason for the way we treat our men. Is it, Mr. Speaker, that some hidden hand behind the government of Canada is deliberately causing the Canadian government to mistreat our returned men so as to discourage the youth of the rising generation from joining the forces, thereby weakening the fighting potential of this nation? Could that be the reason? Certainly it is not financial. It is not the fact that we cannot produce enough. There must be some sinister, hidden reason.

Mr. Speaker, when you contrast the loyalty, the fervent devotion, faith and confidence with which the boys of my generation arose and flocked to the colours, then marched off to die, contrast it with the cynicism that prevailed far too commonly amongst the boys who entered world war II, and to a worse extent than that, prevails in the hearts of too many men today, you wonder how it can have come to be. They are of the selfsame blood, of the same race, bear the same names; they have over them the same flag. What has caused the appalling deterioration?

I do not propose to enter into that tonight. I suggest that if we desired to destroy this nation—I sometimes wonder if the members of the government do not want to do that—if we desired to destroy the British commonwealth, drag down the union jack and trample it in the mud or see some foreign people do that, I do not see how we could possibly guide ourselves more unerringly to that goal than we are doing in the way we are dealing with many of our returned men.

I am not saying that we are not giving many of the boys fine opportunities. I have been delighted with the consideration, the tenderness and the earnestness that I have seen manifested by the men in our departments when dealing with veterans. The difficulty is that the damage is done before these people ever get a chance. The damage is done when the bills are passed, the rules are drafted and the directives are issued.

Mr. Speaker: Order. Could the hon. member make these remarks when the estimates for the Department of Veterans Affairs are before the house? I have asked hon. members not to deal with veterans affairs generally, and I think they have been trying to do that. I know the hon. member wishes to conform with the rules, just as the others have. I do not want to be less generous in my attitude towards him than I was towards the others, but it seems to me we are getting rather far afield in the resolution stage of setting up a committee to study two bills and other legislation that may be brought before the house.

I do not want to have to intervene too often. I know it is always disagreeable, both to the hon. member who is being interrupted and to myself. I would ask the hon. member to confine his remarks to the subject matter of the resolution.

Mr. Blackmore: I thank you most earnestly for your most gracious way of pointing out to me that I have been deviating. May I assure you that I shall discontinue, having left those questions for every hon. member in this house and every person in the country to answer.

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Hugues Lapointe (Minister of Veterans Affairs): In rising to close the debate on this resolution to set up the committee on veterans affairs I feel that my remarks should be brief. I feel that first because I believe there are very few matters pertaining to the subject that have not been dealt with already by the speakers who have taken part in the debate. Secondly, any statement I might make in answer to the charges that have been levelled at the minister and the government on this particular resolution is limited by the ruling that you rendered this afternoon, Mr. Speaker.

There are a few remarks, though, that I should like to make dealing with some of the points raised by hon. members. During the course of the debate everyone expressed particular pleasure, in a rather sarcastic manner, over the fact that this resolution had, at long last, been called. I do not feel I have to make any apologies in that respect, Mr. Speaker. I have explained to some hon. members privately when they asked me the reason for the delay in calling this resolution. Some of the legislation the government wants to introduce, and which will be introduced in a few days I hope, is still in the drafting process. This is something of a technical character. The amendments to the Veterans Land Act are rather lengthy, and in the face of a considerable amount of work the staff whose special work it is to draft this legislation has not been able to produce the bill within the time I had hoped.

I have felt, and I think rightly, it would be preferable to wait until I was sure I would not have to bring the committee together to study some of the legislation, and then postpone further hearings for a matter of weeks. One of the reasons for this is that in the past it has been the practice of national veterans organizations to come before the committee to express their views on matters which interest them, regardless of the terms of reference.

These gentlemen come from all parts of Canada and so I felt it would be more appropriate to wait until I could bring all the legislation before the committee and have these groups make only one trip to Ottawa to make their representations to the committee. I feel I have no apologies to make for this.

Many members have expressed the view that the government should accede to the

demand made in the last few years that the veterans affairs committee should be a standing committee, that is a committee under standing order 63. I believe that the whole matter of parliamentary committees is one of the subjects being studied by the rules committee which has been set up to look into the rules, standing orders and procedure of the house. I believe this committee is inquiring into the whole structure of parliamentary committees and reporting upon them. I have no doubt if that committee, of which many of those who spoke are members, does make such a recommendation the government will certainly give it most serious consideration.

I might point out, however, that I believe some hon. members, in making that suggestion, have in mind an objective that might not be accomplished simply by setting up a standing committee on veterans affairs. I am not an expert on parliamentary procedure, but I have no doubt that if my assumptions are wrong hon. members opposite, and particularly the hon. member for Winnipeg North Centre (Mr. Knowles), will set me straight.

My understanding is that a parliamentary committee, whether it is a special select committee or a standing committee, can deal only with matters that are referred to it by the House of Commons. And the fact that our standing orders might be amended so that the veterans affairs committee would be made a standing committee would not necessarily mean that this committee each year, on its own authority, could investigate and inquire into every phase of veterans legislation, and report upon it to the House of Commons. I think this should be remembered. However, as I say, I have no particular views to propose on the matter. I have no doubt that this and other committees are subjects which will be looked into and reported upon by the rules committee of the house.

Hon. members have complained considerably of the fact that the terms of reference of this committee are very restricted. I believe it was the hon. member for Vancouver-Quadra (Mr. Green)—and if I am wrong I should be pleased to be corrected—who said that the only bills mentioned were minor amendments. He intimated that the Veterans Benefit Act and the War Service Grants Act amendments were minor.

Mr. Green: On a point of order; I did not say that.

Mr. Lapointe: I am sorry, then; I was not sure. Then, I think it was the hon. member for Royal (Mr. Brooks) who said that.

[Mr. Lapointe.]

Mr. Brooks: No, I did not say they were minor amendments. I said they were not as important as the minister tried to make out they were, as compared with other amendments.

Mr. Knowles: Try again.

Mr. Lapointe: I think the record will show that the hon. member used the word "minor". However, I am willing to accept his correction. I would like to point out that these bills, as I said earlier, are the bills which put into statutory form the various legislation applicable to Korean veterans. I recall very well that when the Veterans Benefit Act was introduced in the house by myself on the first occasion hon. members asked why these provisions were not put into statutory form, and why the legislation was going to be carried out by orders in council. I explained at the time that it was necessary and that it would make it more flexible. I pointed out that we did not know yet just what the circumstances of the service would be. And when each year I introduced a bill to continue the powers of the governor in council under the Veterans Benefit Act, to implement those provisions, I was told that it should be put in statutory form. Now hon. members say that it is minor legislation which really did not require the creation of a veterans affairs committee.

Then, Mr. Speaker, there is other legislation of equal importance. On the order paper there stands a bill to amend the Pension Act. The resolution has already been passed, and second reading of the bill was called for today and would have been proceeded with if this debate had not continued all day.

I might point out to the hon. member for Winnipeg South Centre (Mr. Churchill), who in his criticism of the resolution mentioned various aspects of the Pension Act and regretted what he considered a restriction in the terms of reference of the committee, that there is a bill concerning the Pension Act that will be referred to that committee. He will be able there to inquire into each one of the points he mentioned when he was making his criticism of the terms of reference.

Then, as I pointed out earlier there is legislation concerning the Veterans Land Act. I hope to be able to introduce it in a few days. I am awaiting final draft from the legal experts.

I think, Mr. Speaker, that in the past the veterans in this country have benefited by the joint work of all members of the House of Commons who have served on veterans affairs committees. They have done good work over those many years under terms of reference that have varied greatly. When

hon. members say that only in the last few years have the terms of reference for veterans affairs committees been restricted, I would suggest that they go right back to the first committees which were set up after the first world war and find out for themselves what the terms of reference were. If they will read the reports of those committees they will find that most of the subjects which this committee will be able to discuss, when it is appointed and nominated, were not and could not be discussed under those terms of reference.

I hope we will be able—and I see no reason why we should not—to continue to work in the veterans affairs committee as we have done in the past, in that same spirit of co-operation, and with the same aim as previous committees have had, namely the general welfare of all the veterans in this country.

Mr. Pearkes: One question; has the minister nothing to say about the omission of the War Veterans Allowance Act in this resolution?

Mr. Knowles: Silence.

Mr. Drew: The silence speaks for itself.

Motion agreed to.

Business of the House

PERSONNEL OF SPECIAL COMMITTEE

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, I move:

That the special committee on legislation relating to veterans affairs, appointed this day, consist of the following members: Messrs. Balcom, Bennett (Grey North), Brooks, Cardin, Cavers, Croll, Dickey, Dinsdale, Enfield, Forgie, Gauthier (Portneuf), Gillis, Goode, Green, Hanna, Harkness, Henderson, Herridge, Jones, MacDougall, MacLean, Murphy (Westmorland), Nesbitt, Philpott, Quelch, Roberge, Stick, Thomas, Tucker, Weaver and Weselak.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we will take second reading of the bill to amend the Pension Act; then the resolution with respect to the extensions of the Canadian National Railways; then another resolution in the name of the Minister of Transport with respect to the control of goods in bulk; then the resolution in the name of the Secretary of State with respect to inventions by public servants; and then the resolution to approve the Japanese trade tready. If, however, not all those items are carried during the day, we will continue on Wednesday with the resolution concerning the Japanese trade treaty.

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

83276—291

HOUSE OF COMMONS

Tuesday, May 11, 1954

The house met at 2.30 p.m.

LABOUR CONDITIONS

SEASONAL UNEMPLOYMENT—RECOMMENDATIONS OF ADVISORY COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Is the Minister of Labour, Mr. Speaker, yet in a position to table in the house the recommendations made to him by a committee of the national advisory council on manpower for the minimizing of seasonal unemployment? Can the minister say whether any action will be taken on these recommendations?

Hon. Milton F. Gregg (Minister of Labour): I thank my hon. friend for giving me notice of this question. The report to which he refers, I take it, is a report prepared recently by the national employment committee at the request of the national advisory council on manpower. The report itself is based upon a survey conducted by quite a number of people, including manufacturers associations, labour organizations, our own department and so on. Copies of both of these documents are now going to members of the committees who were especially active in preparing them. I have not thought of tabling them. They are quite lengthy documents, but I am prepared to make copies available to any member of the house who would care to apply to my office.

TRANS-CANADA HIGHWAY

ALLEGED IRREGULARITIES IN ONTARIO—INQUIRY AS TO FEDERAL ACTION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Can the Prime Minister, Mr. Speaker, inform the house as to what steps, if any, the government has taken to direct an inquiry into the activities of that part of the Department of Public Works charged with the responsibility for the supervision of the trans-Canada highway?

Right Hon. L. S. St. Laurent (Prime Minister): I shall have to take the hon. gentleman's question as notice and consider its terms because I would not be in a position to make any intelligent answer at this moment.

Mr. Drew: I presume the Prime Minister is aware of the circumstances to which my question relates.

Mr. St. Laurent: No, I am not.

Mr. Drew: If the Prime Minister is not, I would direct him to today's press, and suggest that along with the notice I have already given him he make inquiries as to whether the department was not well aware of the fact there were reasons for inquiry, which have now become evident?

Hon. Robert H. Winters (Minister of Public Works): Perhaps I could say a word. I am familiar with developments, and have been for some time. The situation is that the Ontario government has run into difficulties with some of the employees of its department of highways. Some of the difficulties relate to the construction of the trans-Canada highway, and of course the federal government is responsible for half of the cost of the trans-Canada highway. The federal government's responsibility relates to seeing that the highway, when completed, conforms to the geometric specifications set forth in the trans-Canada highway agreement. The responsibility for constructing the highway rests with the provincial government, as all hon. members know.

When the Ontario government informed us that they were suspicious of the operations of some of their people, we at once called in the federal engineers who had opportunities of being in association with the people who, the Ontario government indicated, were under suspicion. Subsequently, we summoned the gentleman to whom I am sure my hon. friend has reference to Toronto and gave the attorneys for the Ontario department of highways an opportunity to question this gentleman. We have not been informed by the department of highways or anybody in the Ontario government as to his arrest or what the purpose of it is. It may well be that it does not relate to any operation concerning the federal government. That is the position to date, and until the government of Ontario informs us just what is behind this warrant for the arrest of one of the employees of the

trans-Canada division of the Department of Public Works, I will not be in a position to answer the question further.

Mr. Drew: Is it not correct that the inspectors of the trans-Canada highway division of the Department of Public Works have the responsibility of examining plans, and in respect of which they approve payment?

Mr. Winters: No, that is the responsibility of the provincial government. The responsibility of the federal government is to see to it that the road, when finished, conforms to the specifications laid down in the agreement for the trans-Canada highway.

Mr. Drew: So, there is no check on the cost, if that is correct?

Mr. Winters: As my hon. friend knows, when one enters into a partnership with a provincial government, there must be some element of mutual confidence. We naturally assumed that the Ontario government would discharge its responsibilities to the people it represents, in the same manner that I like to think we discharge our duties to the people we represent. We have, as my hon. friend knows, and as I indicated at the outset several months ago, stopped all payments for those areas in which there were alleged irregularities. There are sufficient funds held back by the federal treasury in respect of these contracts to pay any possible deficiencies that could occur because of irregularities.

Mr. Drew: Mr. Speaker, I would direct simply this question to the Minister of Public Works. Is it correct that the inspectors charged with the responsibility of passing on plans in different sections of the trans-Canada highway are therefore not asked to go in any way behind the plan that is placed before them?

Mr. Winters: Mr. Speaker, I think I have answered the question.

Mr. Drew: No, you have not.

Mr. Winters: I think I have delineated the federal government's responsibility. Of course we require the provincial governments to deliver a highway that meets the specifications. They know that; we know that; our inspectors know that; and the provincial engineers know that. They know full well what their responsibility is. I do not see any evidence on the part of the province of Ontario that they are avoiding their responsibilities.

[Mr. Winters.]

IMMIGRATION

INQUIRY INTO RESIDENCE OF HAROLD C. BANKS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Can the minister say whether a board of inquiry has yet been set up to investigate the residence of Mr. Harold C. Banks?

Hon. W. E. Harris (Minister of Citizenship and Immigration): No, Mr. Speaker.

Mrs. Fairclough: May I ask a supplementary question. Is it contemplated that a board of inquiry will be set up?

Mr. Harris: It is being studied, having in mind the fact that the Immigration Act has been changed since he came here.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 339, to amend the Pension Act.

He said: Mr. Speaker, as I mentioned when I moved the resolution preceding this bill, it is the intention of the government when second reading has been given to the bill to move that it be referred to the special committee on veterans affairs. During the course of the debate on the resolution I indicated the broad lines of the bill and at this stage I do not think that I can add very much to the statement I made at that time.

I appreciate the fact that during the course of that debate most hon. members who spoke indicated their approval of the contents of the legislation. Some objections were raised and specific points in the Pension Act were brought up by hon. members. However I think I am right in saying that the principal objection brought forward by some hon. members of the opposition was to a section which I indicated would be included in the bill and which would have the effect of having the salaries of members of the Canadian pension commission determined by order in council rather than by statute.

Some hon. members expressed the fear that by so doing members of the pension commission would be subject to some pressure on the part of the cabinet. It was suggested that individual members of the commission would be under the cabinet's thumb. I think I explained at the time that the purpose of the

amendment was to make the act more flexible as regards this particular subject so that when a general raise occurred in the salaries of the public service the members of the commission could be given the advantage of such general raise without the matter having to be brought before the house and a bill introduced for this purpose.

It was suggested that the independence of the commission might be affected. I can assure hon. members of this house that there is nothing further from my mind or from the minds of my colleagues in the cabinet. However, I may say to the house that if the committee on veterans affairs, while studying this bill, should wish to move an amendment which would eliminate any such fear, perhaps it could be done. I have in mind an amendment which might specify, for instance, that the salaries of all members of the commission would be uniform. The government would be quite willing to accept such an amendment and I think that would take away the fears which hon. members may have on this subject.

Outside of this I do not think there is much more I can add to the statement which I made on the resolution.

Mr. A. J. Brooks (Royal): Mr. Speaker, I thank the minister for the further explanation he has given of this bill the principle of which, as he says, was discussed at considerable length when the resolution was before the house. It is not my intention to make prolonged remarks with regard to this bill. As I say, the principle of the bill was discussed on March 4 at the resolution stage and we will have an opportunity to discuss it in the committee which has been set up to deal with veterans matters.

At the hearings of that committee we will have an opportunity to hear representatives of the Canadian Legion and other veterans organizations with regard to different sections of the bill. We shall also have before us officials of the Department of Veterans Affairs who will explain the different sections of the bill. In that way we will have the opportunity of better understanding the sections of the bill.

When I was speaking on the resolution I told the minister that there was general agreement with regard to the different principles which had been enunciated, and I think that was the general opinion of practically all hon. members who spoke. I know objection will be taken to some sections, which I shall not indicate now. There are some sections being deleted which we feel should not be deleted, and I refer to those having to do with the extensions of time given to veterans of the second world war for the preparation of their cases to be sent to the commission and of their applications for pension.

Some problems are not being considered, and I am sure they should be. It is not my intention this afternoon to discuss them. I know that the Canadian Legion will be before the committee and they will outline some of the problems which we believe should be considered further by this veterans committee, and hon. members will do the same.

The minister has mentioned the fact that the principle in the bill, which was objected to strenuously when the resolution was before the house, is that which dealt with salaries for the chairman, vice-chairman and commissioners being fixed by the governor in council. This matter was discussed nearly three months ago, Mr. Speaker. At that time there was a heated debate in the house, and I had really hoped, and I am sure other hon. members had, that that section would not appear in the bill. The minister tells us that the bill will be sent to the committee with the section included; but, if the committee so desires, it can recommend an amendment.

In my opinion the amendment that he suggests does not go as far as it should. The governor in council should not have the responsibility for fixing salaries. As I said before, this subject will be thoroughly discussed in the committee, but again I should like to point out, as was pointed out by hon. members when the resolution was under discussion, we feel that it does take away from the independence of the commission to have their salaries fixed by order in council. We also feel that it interferes with the supremacy of parliament to have salaries fixed by the governor in council. I know, and all hon. members who have anything to do with veterans affairs or veterans pensions know, that when an application for a pension is made the applicant thinks of the government as being on one side and of himself on the other. He thinks of the government possibly trying to save money by not giving him as large a pension as he thinks he should have. He, being on the other side, feels that he is trying to get justice. In between the governor in council and the individual is the commission, which in his mind, and I am sure in the minds of all, should be absolutely independent. This is the great objection that we take to this particular clause.

The pensioner feels that there should not be even the appearance of any obligation of this commission to the governor in council. This matter will be urged and argued and I hope the minister does not think that the

amendment which he suggested this afternoon will be the only one which this committee can consider. I am satisfied that some members of the committee at least will desire to make such an amendment as will delete entirely this section from the bill, as I feel it should be.

I am not going to discuss this matter further this afternoon. The bill is to go before the veterans committee, and all the sections and principles will be thoroughly discussed at that time.

Mr. Clarence Gillis (Cape Breton South): I do not know whether something is wrong with these microphones, but I could not even sort out what the hon. member was saying. I just mention that because you, Mr. Speaker, had a demonstration made, but they are not very good in this corner.

I am not going to discuss the bill in detail either. It is going to the committee. We do not disagree very much with the amendments that are proposed, with the one exception. There are a lot of grievances. They are not very great, but they are sore spots for the people affected. I might mention the means test in a dependent's pension when you reach the age of 70, but we shall go into the details in committee.

The fact that this bill opens up to some extent the Pension Act will likely give us an opportunity of discussing many of the details that I have in mind. I just make these observations because I am a member of the committee. I think it would be a waste of time for me to start arguing now on the details of the bill. If I did that, Mr. Speaker would stop me and he would likely make a twenty-five minute speech and a lot of time would be wasted. Any further comments I have to make on the bill will be made when we are in committee.

I agree with the principle of the bill, and that is all that is before us now. I agree with the principle of amending the Canadian Pension Act, and I shall reserve whatever criticism I have for the bill in committee and maybe in the house later.

Mr. Ray Thomas (Wetaskiwin): Along with the hon. member for Royal, I hope that when this bill goes before the veterans committee we will not be held too closely to the amendments contained in the bill. I hope it will give us the opportunity to dig rather deep into the Pension Act and to make recommendations other than those contained in the bill now before us.

Along with other members who have spoken, I agree with most of the amendments suggested, but I do not think many of them go far enough. If the terms of reference are to be such that we have to adhere strictly to the amendments, then I do not think they do go far enough. I do not intend to discuss the bill except to say that probably I shall have more to say on it in committee. We are pleased to have the opportunity to get back into the veterans committee, although on a previous occasion I indicated what I thought of the amendments. We can work on this and other bills and, as I said before, I shall have more to say at that time.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

CANADIAN NATIONAL RAILWAYS

ST. FELICIEN AND HILLSPORT LINES—PROVISION FOR FINANCING

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct lines of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge lake, both in the province of Ontario, being on the whole approximately 321 miles at a total estimated expenditure of $38,750,000. The measure will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith, temporary loans may be made to the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Green: Will the minister explain this resolution?

Mr. Chevrier: Yes. This resolution seeks to authorize the Canadian National Railway Company to construct a branch line from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all within the province of Quebec, a distance of approximately 294 miles, and a branch line from Hillsport to lake Manitouwadge in the province of Ontario, a distance of approximately 27 miles.

Dealing first with the proposed branch line between St. Felicien and Beattyville including the short line to Chibougamau, this line of railway would commence at Beattyville, the present terminus of the Barraute branch line constructed in 1949, and would run in a northeasterly direction to Cache lake, a distance of approximately 149 miles. From

Cache lake the line would run in a south-easterly direction approximately 139 miles to St. Felicien on the Canadian National Railways line in the Lake St. John area. At the Cache lake junction the line would extend northerly a distance of six miles to Chibougamau.

The estimated cost of constructing that part of the proposed line which would run from Beattyville to Cache lake is $17 million. The line from Cache lake to St. Felicien would cost another $17 million, and the short branch line from Cache lake to Chibougamau $1 million, making the total estimated cost of the line $35 million.

During the summer of 1953 the Canadian National Railways made a preliminary survey and established an exploratory line for the purpose of locating a line from St. Felicien to Beattyville. The whole area is heavily timbered throughout its entire length. The area between Beattyville and Chibougamau is staked out as mining claims with excellent promise of development. Among these mining properties are the Dome property at Bachelor lake and the already proven Opemiska and Campbell Chibougamau properties near Chibougamau. The whole territory between Beattyville and Chibougamau is favourable prospecting ground. The country throughout, excepting the immediate Chibougamau area, is heavily timbered and offers large quantities of mill size and pulp timber. The forest resources of the area between Beattyville and Chibougamau are very large, estimated at over 30,000,000 cords of pulpwood and capable of a sustained annual yield of about 617,000 cords. Most of this forest wealth will be tapped by the railway.

The bulk of the prospective traffic on this part of the proposed line would consist of mining concentrates moving to the Noranda smelter, as well as pulpwood and timber. The railway has obtained a guarantee from Opemiska Copper Mines (Quebec) Limited, and Campbell Chibougamau Mines Limited, under which these two companies guarantee shipment of a daily average of 325 tons of ore concentrates over the proposed line from Chibougamau to Beattyville, for a period of six years from the date the line will begin to operate. The Howard Smith paper interests have undertaken to guarantee the movement of 30,000 cords of pulpwood per year for a period of six years from the area between the Bell river and Chibougamau.

The area which would be traversed by that part of the proposed line running from Cache lake to St. Felicien is heavily forested with an estimated 15·7 million cords of pulpwood, capable of sustaining an annual yield of 366,000 cords. Traffic for this part of the line would consist mostly of lumber, pulpwood and supplies.

From an industrial point of view the economic development of the industrial area in the Lake St. John district, with availability of cheap hydroelectric power and convenient access to a seaport, would stimulate the opening up of the territory to be served by this line and increase the rail traffic.

The directors of the railway consider that the construction of this part of the proposed line is in the general interests of Canada. The Chibougamau area has been traditionally connected with the Lake St. John area. Developments in the Chibougamau area depend upon transportation by highway from St. Felicien. The large resources of hydroelectric power available in the Lake St. John area and the trend of industrialization make it practically certain that the natural resources of Chibougamau and of the Abitibi district should lead to industrial development in the Lake St. John area. If railway connection is afforded it is also likely that electro-metallurgical industry will develop in the Lake St. John district drawing its raw materials from the mines in the Chibougamau-Abitibi areas. It must also be considered that the port of Chicoutimi situated at the head of navigation on the Saguenay river has a legitimate claim to a hinterland. At the present time the influence of the port of Chicoutimi extends only to the Lake St. John basin. With the construction of the line from St. Felicien westward to join with a line from Beattyville to Chibougamau, the influence of Chicoutimi would extend not only to the Chibougamau area but would also embrace the Abitibi area.

The government and the railway management regard the construction of this whole line from Beattyville and St. Felicien to Chibougamau as a good development in the general interests of Canada, even though the probable traffic over the next few years does not appear to be sufficient to make the whole line profitable without some element of subsidy. Some subsidy on such a line may well be justified as it was in the case of the northward extension of the Pacific Great Eastern in 1949, but the government has not yet been convinced that any departure from the practices and policies of the past with respect to the amount of subsidy paid to assist in further railway construction is necessary or would be justified in the general interests of Canada. The directors of the railway have satisfied the government that the immediate prospective amount of traffic warrants commencement of construction from the western

end of the proposed line forthwith, in order that the development of the timber resources on the western part of the line can proceed as soon as possible, as well as the development of the mining properties in the Chibougamau area and other properties in the promising area opened up by this portion of the line. It is expected that by the time the proposed line is completed from the western end into Chibougamau, if not before, projects for new industrial development in the Lake St. John-Saguenay area which are now being considered by prospective investors will have reached a stage which will justify the construction of this line and a decision can then be reached about any subsidy required and warranted in respect of the line. In the meantime, the Canadian National Railways will proceed to assist and encourage further developments in the Lake St. John-Saguenay region as a means for building up potential traffic for this new line.

Secondly, with respect to the proposed branch line to Manitouwadge in the lake Superior area in the province of Ontario, this line would commence at Hillsport, a point on the Canadian National Railways 42 miles west of Hornepayne and would run in a southerly direction to lake Manitouwadge, a distance of approximately 27 miles. The estimated cost of the proposed line to lake Manitouwadge is $3,750,000.

Recent discoveries of copper, zinc and silver deposits of major proportions have been made in the Port Arthur mining district of Ontario in the vicinity of lake Manitouwadge, about 25 miles south of the main line of the Canadian National Railways. It appears that at the present early stage of development one large mine is assured and two relatively small mines are anticipated. In the expectation that further development will confirm the early promise of this area, the railway desires to be in a position to give prompt service to the interests who are developing the property and will be requiring transportation in 1955.

Up to the present, access by air has been from Geraldton. Supplies were initially moved from points on the Canadian National over roads of the Marathon Paper Company to a point about 12 miles west of the Geco property and thence by tractor trail through the bush. At the present time the main access route is by way of a road of the Ontario Paper Company from a point near Hemlo to within 10 miles of the Geco property.

It is quite conceivable that the Manitouwadge area will produce ore at the rate of 10,000 tons per day and that this would involve inbound traffic of mining supplies and general merchandise estimated at 60,000 tons per year with the system earnings estimated at $1,900,000. The total outbound traffic, if fully realized, would amount to an estimated 665,000 tons per year, with system revenues of about $4 million, making potential system earnings of $6 million per annum.

It seems apparent that the proposed branch line would be a profitable addition to the Canadian National Railways, and that only a fraction of the potential mine production of the area would be required to justify the construction of this branch line. The construction of the proposed line would be contingent upon the railway company's appraisal of the traffic to be expected and the assurances as to the development of mines in the area. The president of the railway company anticipates that this development will justify construction of the proposed branch line commencing in the fall of this year.

The growth of Canada is proceeding rapidly and it is fitting that the Canadian National Railways should continue to play a great part in the development of the country.

Mr. Green: Mr. Chairman, the report just presented by the Minister of Transport has been very interesting, very hopeful. When the bill has been given second reading I presume it will be referred to the standing committee on railways, canals and telegraph lines so that we may have the opportunity of examining the railway officials and of finding out all the details in connection with these proposed extensions. In any event, I place that suggestion before the minister and I hope he will agree to that course being followed. It has been the practice to refer these bills to that committee. In fact, during the present session the bill which was introduced by the Canadian Pacific Railway was referred to and dealt with by that standing committee.

To the official opposition the proposed extensions seem to be in the best interests of the nation. They are based primarily on mineral development in Canada's pre-Cambrian shield which, of course, is one of our great sources of wealth. I was interested today to hear the minister describe the forest assets in the Chibougamau area as well. I had not realized that so much pulp timber was available. I had thought that these extensions depended almost entirely on the mineral wealth of the areas through which they would run.

The Department of Mines and Technical Surveys tell me that in the Chibougamau area there is now one producing mine known as Opemiska Copper Mines Limited. The

minister referred to it in his opening remarks. I am told that the production through the mill in December of last year was about 400 tons of ore a day, the ore being largely copper with a small gold content. Then there is another property, namely Campbell Chibougamau Mines Limited which is not yet in the production stage but which I understand is planning to mill 1,700 tons a day. There again the ore is largely copper with a small gold content. The Department of Mines and Technical Surveys report a further promising property known as Chibougamau Explorers which, however, has not yet developed to the stage where one can forecast the amount of production.

There is one other feature about this Chibougamau development which the minister did not mention, namely the fact that the Eastern Smelting and Refining Company Limited is to build a nickel-copper smelter and refinery at Chicoutimi. I may have misunderstood him, but I did not hear him make any reference whatever to such a plant.

Mr. Chevrier: I was keeping that in reserve.

Mr. Green: The minister says he was keeping that in reserve. May I say that I brought it out into the open?

Mr. Macdonnell: Are there any other reserves?

Mr. Green: Yes; has the minister any other reserves?

Mr. Chevrier: Yes, indeed; quite a number.

Mr. Green: This plant too is extremely important. As a party, Conservatives believe that these resources should be used in Canada to the maximum possible extent in order to provide work for the Canadian people. We hope this ore will be smelted in Canada. Chicoutimi is one of the national harbours of Canada and we should be extremely glad to see it get this additional development.

I was somewhat concerned about the minister's statement that the work on the line from Chibougamau to St. Felicien is to be delayed. Apparently it is not the intention to start building from both ends at once, a procedure which would seem to be the ordinary one in the construction of these branch lines. If I followed the minister correctly, the plan is to build from Beattyville up to Chibougamau this year and then to let the other part of the line, which is 139 miles in length, wait until it can be ascertained whether or not construction should be carried out. If this plan is as good as the minister makes out it is, I can see no reason why the whole railway should not be built right through from Beattyville to St. Felicien, and the whole job finished rather than having half of it done and then letting the other half wait until perhaps some time later on when it might be done. That procedure does not seem to be a particularly satisfactory one.

The minister intimated that the Canadian National Railways have investigated this whole development and have received guarantees of traffic from different industries. That is a wise course to follow and it is the course which they followed in connection with the extension from Sherridon to Lynn Lake in northern Manitoba and from Terrace to Kitimat on the west coast. It seems to be the plan followed now by the railways whenever they put in an extension. The Canadian Pacific Railway also had a guarantee before they asked for a bill permitting them to build a branch line from Havelock to Nephton in the province of Ontario. But when the minister came to the branch line in Ontario from Hillsport to Manitouwadge lake, he said nothing whatever about any guarantees from the industries in that area. Apparently the railway company has not obtained any guarantee of traffic from those industries. The reason may be that they consider there is going to be so much traffic anyway that it is unnecessary to get a guarantee. However, I would ask the minister to explain to the committee, before this resolution goes through, just why it is that no guarantee has been obtained in that case.

I realize that the Manitouwadge lake area is a promising district as well. I understand that the main property there is owned by a company known as General Engineering Company and that though they are not yet in production they hope to produce 5,000 tons of concentrates a day. There the minerals are copper, zinc and silver. I also understand that the officials of that company gave evidence before a committee of the Ontario legislature this spring to the effect that the number of employees would run between 750 and 1,750 and that in from 5 to 15 years the town is expected to have a population of from 5,000 to 15,000 people. This is therefore no small development. I also understand that by February of this year, which was only a short time after the initial discovery, 3,600 claims had been staked in this area over a length of 70 miles. This looks like an extremely wealthy mineral area.

I hope that the members of the House of Commons and the Canadian people, in their thinking, are now past the stage where they do not want any more railways built. For a good many years that has been the attitude, that because Canada had overbuilt in the earlier part of this century we should put a stop to building further railways. Because of

that attitude of mind it has been very difficult to get railways built where they should be built. But now we seem to be getting into a new era where we are willing to have railways built in the areas that need development. I have here the report of the royal commission on transportation, known as the Turgeon commission, which reported three years ago in 1951. They dealt with the Chibougamau lake project. The reference will be found at page 133 and I propose to read what they had to say. It reads as follows:

In the year 1948 the Canadian National Railways completed the construction of a line about forty miles in length from Barraute to Rapide des Cedres in the Abitibi region, Quebec. The representative of the Abitibi economic planning council appeared before the commission to submit that the Canadian National Railways should continue construction to Chibougamau lake, through Bachelor lake, a distance of about 165 miles. The commission has since been informed that the Canadian National Railway Company is considering this matter and is awaiting further information to decide whether potential traffic will warrant the building of the extension.

It has taken six years to get around to the building of this extension. In the meantime apparently the government of Quebec has built a road from lake St. John to the Chibougamau region, and I think should be given great credit for its development work in the northern part of Quebec. The same is true of course of the government of Ontario. They have been very progressive in their approach to the development of the northern part of their province. These two great provinces of Canada have set the rest of the country a very good example in the way in which they have gone about the development of their northern territories.

The commission made a general recommendation respecting the building of new railways in Canada which I think sets out what should be the policy of any Canadian government. It is to be found at page 130 of the report. First of all they refer to the situation in the United States which is a good deal different from that pertaining in Canada because the Americans have not a great area to the north that has not yet been opened up. In Canada by far the largest part of our territory is north of that part of the country where most of the people live. The commission had this to say:

In Canada the situation is somewhat different. There is still room for railway expansion where it is called for by the needs of settlers already established in productive areas or by the necessity of making available new areas possessing mineral and other natural resources attainable only by railway. It seems to be generally assumed that most, if not all, railway expansion in the foreseeable future will be carried on by the government of Canada or by the Canadian National Railways which the government owns.

[Mr. Green.]

Incidentally, I do not think I would go as far as to say that the C.N.R. has to build all the new lines. The report continues:

The day of ill-conceived and therefore excessive construction seems to have gone by, and our people can feel reasonably assured that from now on no railway ventures will be undertaken excepting after thorough investigation of each project and always with due regard to the financial commitments involved.

The extensions covered by this resolution seem to qualify under the terms of this recommendation of the commission. I think that some day, Mr. Chairman, we will have to have a railway right across the northern part of Canada. Perhaps that would not be necessary across northern Ontario or northern Quebec, but in western Canada I think, after most of us are gone from the scene, there will be a railway running across the northern part perhaps by way of Lynn Lake and lake Athabasca right across to Stewart on the west coast of British Columbia, or even possibly into the Yukon. I am absolutely certain that the future of this country lies in the north. That is the area in which we are going to make great advances. There will of course be developments in the settled part of Canada, and millions more people will settle in the areas where there are now large settlements. But I believe our real bonanza is to be found in northern Canada, and this party is very much in favour of any reasonable project that will open up the northern part of the nation.

Mr. Dumas: Mr. Chairman, the people of my own constituency of Villeneuve, as well as those of the constituency of Chapleau, have noted with great interest the federal government's decision to introduce the necessary legislation to authorize the Canadian National Railway Company to construct lines of railway to facilitate the development of that rich mining belt which extends from Senneterre to the districts of Chibougamau and Mistassini. They are also pleased to learn that the construction of the railway will be extended to St. Felicien in the lake St. John district. The people of northwestern Quebec and the lake St. John district are very grateful to the Minister of Transport and the Canadian government for having taken that decision.

The extension of the Canadian National Railway line from Beattyville to Chibougamau and St. Felicien will not only be beneficial to our national system of railways but will also be of great advantage to the province and to the country as a whole. It will contribute to the development of a district which is in itself almost as large as the whole of those parts of western Quebec and

Lake St. John together which are settled at the present time. It will add to the general welfare of our own district and that of Lake St. John. It will permit the utilization of a tremendous amount of natural resources which otherwise would not be transformed into national wealth.

It is the opinion of all economists that the extension of the railway line from Beattyville to Chibougamau is more particularly of the utmost importance. It will be built in a general northeast direction and it will follow the centre of a belt rich not only in minerals but also in timber stands and fertile land.

The fact that the geological structure of that region which extends from Senneterre to Chibougamau and Mistassini is favourable to important mining developments is indicated by the astonishing results already attained. Prospectors and mining companies have long since started to survey the district, even in the absence of any adequate system of transportation. Many good mining prospects have been discovered at Wedding river, Cameron lake, Burge lake, Bachelor lake, Opawica, Opemiska, Chibougamau and Mistassini. Large-scale explorations have been carried out in some of those areas and important deposits have been outlined. Opemiska Copper Mines (Quebec) Limited is already in production. Campbell Chibougamau Mines Limited, Merrill Island Mining Corporation and Chibougamau Explorers Limited will be producing within the next two years.

The hon. member for Vancouver-Quadra mentioned Eastern Metals. He said that there may be a danger that if we do not encourage that new industry, some of these concentrates may have to be treated in the United States. I shall tell the hon. member that he does not have to worry. The idea of building a line from Chibougamau to Beattyville is to permit these mining companies operating in that district to ship their concentrate to the Noranda smelter in Noranda, in the constituency of Villeneuve, in the province of Quebec, Canada.

Many other companies such as O'Brien, Dome Burge, Lake Goldfields, Empire Oil, Siscoe, Obalski and others have discovered and outlined interesting deposits of minerals and are presently waiting for adequate means of transportation in order to start their operations. Moreover, if we look at a map of the district we can easily see that prospecting is only beginning. The geological structure of that region is formed by three belts of volcanic rocks of the Keewatin type which meet at their extremes and are separated by masses of intrusive rocks. Those green rocks of the Keewatin type contain such base metals as copper, nickel, lead and zinc as well as precious metals. The richest ore deposits are found near the contacts of the greenstone with the intrusive rocks, above all in the zone of the least resistance and of major faults. Those faults are frequent in the region and geologists have even observed a major fault which crosses the said territory from the southwest to the northeast along the route of the proposed railway.

Under present conditions, research work is difficult and expensive. The construction of the proposed railroad will make it easier and will greatly reduce its cost. Furthermore, the realization of this project will facilitate access to the territories immediately to the south and to the north of that belt where geological formations are also favourable to mineral deposits. According to conservative estimates, the forests of that section contain at least 30 million cords of merchantable timber ready for exploitation. The composition of that forest, the high quality and the accessibility of that timber contribute to increase its value.

Only the construction of the proposed railroad makes it possible for the economical exploitation of those forest resources. The whole reserve of 30 to 50 million cords will be accessible to the proposed railroad. Moreover, a large portion of that forest has attained maturity. It ought to be exploited within a reasonable length of time because it represents an unproductive capital asset, always exposed to partial destruction. A program of rational exploitation will permit the transportation of one-half of one million to one million cords annually.

There are also extensive tracts of favourable land for farming in that district. Many townships containing thousands of acres can be profitably devoted to agriculture and a great number of settlers can be established in that area. Potential waterpower is estimated at more than one million horsepower, and it is well distributed within the region.

Mr. Chairman, I can visualize the tremendous development which will take place along that railroad line once it is built. I can foresee what will happen because for the last 30 years I have been virtually living in that district, and I know it almost as well as my own constituency of Villeneuve. In the immediate vicinity of the area that the railroad will pass, I have surveyed many hundred miles of lines from one end of the district to the other. I have established meridian lines, parallel of latitude, township lines and I have surveyed and staked more than 1,000 mining claims.

In the not too far distant future along the proposed railroad, there will be thriving

centres at Barraute, Barville, Despinassy, Champneuf, Bartouille, Laas, Beattyville, Rapide des Cedres, Quevillon, Wedding Lake, Cameron, Burge Lake, Sullivan River, Bachelor Lake, Opawica, Laparent, Opemiska, Lac Cache and Chibougamau.

Some of those places are already nice little villages but they will be growing fast. Others are only what you call locations on the map. There are no people there yet but they will soon come and they each will be the pioneers in their own capacity—the miners, the settlers, the missionaries and the educators, the civic minded citizens, the professional and the business men. Those will be the ones who will really open and develop another new section of our northern reaches.

Each one of those new settlements will have to be provided with its churches, schools, post office, civic, medical and business centres. There will be opportunities for all and I predict that within the next 15 years the population of that area will be well over 50,000 people. I am not exaggerating when I say this, Mr. Chairman. We have only to look back on what happened in northwestern Quebec during the last 30 years to realize that what took place there can be duplicated in even a shorter period of time.

Thirty years ago, during the summer of 1924, as a student, I had the opportunity of going on a survey expedition in the very part of Quebec that I now have the honour of representing in this parliament. At that time in the whole of the constituency of Villeneuve there were less than 1,000 people. There were no roads, no railroads, no airfields, fewer industrial centres or large communities. The only two places which were inhabited at the time were the actual parish of La Motte and the prospecting centre of Rouyn-Noranda.

Today, in the same district which is now the constituency of Villeneuve, we find a thriving population of more than 70,000 people, some of them cultivating rich farms located along the northern part of the constituency, others working at the gold, silver, copper, lead and zinc mines located in Val d'Or, Malartic, Cadillac, Duparquet and Rouyn-Noranda areas. Where 30 years ago there was nothing but bush, muskeg, rock and water, we now have progressive towns and cities, rich mines and productive farm lands of which we can be proud. And what is more important, we have a group of people who, as pioneers, took up the challenge offered by that part of the shield in Quebec. The fact that they met it successfully has procured substantial benefits for every home in the province. Not only does northern Quebec provide the whole of Canada with metals, lumber, pulpwood, farm products and furs, but the growing population of that district, its purchasing power and its needs, stimulate the manufacturing industries of our cities to the south.

Nor has northern Quebec yielded all its richness to the province and the rest of Canada. The geological structure of those adjoining areas where the proposed railroad will be built, their similarity to other districts to the south whose mineral resources are abundant, the discoveries already made, the quality and accessibility of vast timber limits, the potential water power, as well as the unanimous opinion of the experts regarding the possibilities of that region, entitle us to forecast that this district will become an essential factor in the economy of our province.

The construction of this railroad line is an important step toward the economic conquest of the Canadian shield which contains immense natural resources that are essential to the welfare of Canada and its people.

Mr. Knowles: Mr. Chairman, one of the thrills of being a Canadian is the realization that the story of the development of this country is not confined to the past. I am sure that all of us are fascinated by the realization that we possess tremendous natural resources which are largely untapped, and that they hold for us and for those who will follow us a great future. It has been the privilege of many of us who sit in the House of Commons today to support other measures similar to this one which were brought down in years gone by for the purpose of helping to open up and develop areas in this country which are rich in mineral, timber and other natural resources. We of this group are pleased that this resolution has been brought in and it will have our support.

I think hon. members generally will not be surprised if I take advantage of this opportunity to draw attention once again to the fact that although most of the members of this house, indeed, all but those of this group, subscribe wholeheartedly to the notion that private enterprise can do everything, despite that fact there come occasions such as this when the private enterprisers of this country look to the government, look to public enterprise, for the expenditure of public money to make possible the development of our great natural resources. Some day the lesson that flows from that fact will be learned and put into practice for the benefit of all our people.

Since this resolution has the support of most hon. members it need not be the occasion for a lengthy debate and I shall not repeat the things which have been said by

previous speakers. But there is one request I should like to make of the Minister of Transport. As the minister knows, there have been various complaints in recent years when other lines of railway were being constructed concerning labour conditions. I need not go into detail and I admit that when some of the charges that have been made were investigated they were found, in the opinion of the investigators at any rate, to be exaggerated.

Nevertheless there were complaints in connection with the labour conditions in connection with the construction of the line that was built from Sherridon to Lynn Lake. Those complaints involved certain companies to whom contracts had been let and in some instances they also involved activities of the Department of Citizenship and Immigration.

While something else I want to say is not directly related to this bill I think it is close enough that I should be permitted to refer to it in passing. From time to time complaints have reached some of us concerning labour conditions in connection with this same Welch company to which I have been referring in connection with contracts let to them by the Canadian National Railways. In the main, these complaints are of two types. The union affected does not like the way in which its collective agreements are by-passed when track or maintenance work is let out to a company of that kind. The other complaint is that labour conditions under this company are not very satisfactory. As a matter of fact I have on my desk at the present time a letter dealing with some of these unsatisfactory labour conditions.

I mention this fact so that I may ask the Minister of Transport to take up this matter with the Canadian National Railways when the time comes to build these lines of railway. I ask the minister to see to it that the Canadian National Railways does not leave itself open to criticism with respect to labour conditions and with respect to the conditions under which workmen will have to live and work in connection with the building of these railways.

These are important lines of railway. It is good that they are being built. Let us see to it that in the building of them those who do the hard work in this northern country have the best possible labour conditions. Let us see that none of the principles which we have accepted as right and proper in this field, including those principles which are covered in our various labour codes, are violated or by-passed in any way.

With these few remarks, I may say that we are glad to support this resolution.

Mr. Michener: Mr. Chairman, also in a few words I should like to concur in what has been said by the hon. member for Vancouver-Quadra and also express my admiration of the hon. member for Villeneuve and of his enthusiasm for this area which he knows so well. I want to tell him that his reputation as a surveyor has reached even as far as the remote city of Toronto.

I have had the privilege of visiting Chibougamau, first when it became accessible by the road built by the province of Quebec from St. Felicien. I have some appreciation of the great mineral possibilities as well as the great forest resources along that road. A further extension of that road will give access to smelters which I suppose are essential for the development of that mineral area.

I have also some knowledge of the Manitouwadge discovery and development which has been one of the sensations of the mineral world and in which many of my constituents who are engaged in engineering have had a part. This district holds great possibilities. I am advised that the tonnage indicated by diamond drilling is in the neighbourhood of ten million tons and that it would not be unreasonable to expect that there would be a tonnage from one of the original discovery properties of between two and four thousand tons a day. I suppose that that will produce a relatively large volume of freight in the form of concentrates which will have to go to the smelter unless one becomes possible in the camp itself. There are other properties which show great promise and there are many prospects under development.

This kind of railway operation is one which appeals to me more particularly when it has to do with the development of mines and forest. I have had some personal experience with the Ontario Northland Railway, formerly the Temiskaming and Northern Ontario railway. This line opened up an area which then had no great economic prospects at the time but it provided a means of access to mines and forest as well as agricultural lands in the northern part of the province. As the minister well knows, it has turned out most successfully, and is now a profitable railway. We have hopes that both of these ventures will turn out in the same way.

There is just one question I should like to raise that occurs to me as I consider the position of the Manitouwadge area. As the minister knows, it lies between the Canadian National railway on the north and the Canadian Pacific railway on the south. It is probably midway between the two. The C.P.R. skirts the north shore of lake Superior and the Canadian National railway is 70

miles or 80 miles to the north at this point. Both of these railways lead out to Sudbury, which is a great smelting and refining centre, and either could serve this Manitouwadge area equally well if the branch line were constructed to either. Can the minister tell me whether the other railway, which could have undertaken this development, was interested in it, is interested in it, and has given any indication of a desire to serve the new area, or just what the situation is in that respect? In asking that question for information I should like to give my general concurrence in and support to this motion.

(Translation):

Mr. Gauthier (Lake St. John): Mr. Chairman, the Chibougamau district is unquestionably one of the most promising mining centres in Canada. The Canadian government and the Canadian National Railways have both confirmed this by deciding to build a branch line from St. Felicien to Chibougamau and from there to Beattyville; that project will benefit not only the Lake St. John district, but also the province of Quebec and the country as a whole. That undertaking will prove an asset for the Canadian economy. Experts are of the opinion that this extension of the C.N.R.'s line will be of considerable importance. In fact, it will promote the development of mineral deposits in the Chibougamau area and neighbouring districts. That will constitute a further step towards economic conquest of our immense natural resources which are vital to the welfare of our people. The rich mining discoveries in the Chibougamau district are more than enough to warrant this $35 million outlay and no doubt the future will confirm the foresight of our present leaders in introducing this bill which will make it possible to develop and use our natural resources. The Canadian government thus contributes to maintain a high level of national income and that decision will result in a more buoyant and stable Canadian economy.

The Minister of Transport (Mr. Chevrier) has just told us that the Canadian National Railways will begin with the Beattyville-Chibougamau stretch of line. The people of the Lake St. John district are most anxious for this work to be started. I am asking the government on this occasion to authorize the Canadian National Railways to begin the two sections at the same time.

To all the suggestions which have been put forward up to this time, I would like to add the following personal idea. In its May 4 issue, *Le Progrès du Saguenay,* over the signature of Georges-Henri Daigneault, in a well informed editorial, stated, among other things:

> The fact that the district is extremely rich in hydroelectric power, should also promote establishment of new ore and metal smelting plants.

This editorial prompts me to say that to speed the mining development of the region the Canadian National Railways could, and should, undertake in the Lake St. John district the construction of an ore smelting plant. I am sure that the Canadian National Railways would find in such a development the means to make that new line a paying proposition.

Mr. Chairman, I do not want to be as long in my remarks in favour of this bill as I was in the representations I made on a previous occasion for the building of that line. As a matter of fact, on three previous occasions, in this house, I asked that this project be carried out. Only last year I had the honour to introduce to the hon. Minister of Transport a large delegation led by the Saguenay economic planning council. All these delegates received from the minister a warm and sympathetic welcome.

The hon. Minister of Transport will go down in history as the man largely responsible for the St. Lawrence seaway. The people of Lake St. John will be doubly grateful to the minister for having also authorized the building of the railway from St. Felicien to Beattyville.

Mr. Dufresne: Mr. Chairman, I listened carefully, a moment ago, with particular interest and much pleasure, to the appropriate words of explanation which the hon. Minister of Transport (Mr. Chevrier) was kind enough to give us in connection with the bill now before the house.

Representations have certainly been made, over the years, to the government in order to obtain construction of this railway. I am glad to be able to say a few words about this bill, so that I may commend the hon. Minister of Transport and the government for their present decision.

The districts of Chibougamau and Lake St. John are, as everybody knows, rich in mineral deposits. It is therefore time, I believe, to give particular credit to the pioneers, to those men who, from the beginning, opened up to civilization this new area full of an abundant wealth that will be profitable, not only to Quebec, but to Canada as a whole.

We must remember that the first to go to the Chibougamau district did so at the cost of great sacrifices, since there were then but two means of transportation, either by water or through the woods with dog teams. They surely deserve much credit and we must pay tribute to their courage as they are primarily responsible for the expansion of this rich mining district in the province of Quebec.

It must also be said, I believe, that private enterprise has contributed up to now its fair share of expenses and sacrifices during the last few years. It seems to me that we must also give credit to the government of the province of Quebec for having understood the need of a carriage road into this remote district and for having spent millions of dollars for the construction of that road. Therefore, it was high time, Mr. Chairman, for the government of Canada to do its share by helping the Canadian National Railways to construct a railway line, so that the ore produced in the Chibougamau district may be shipped more favourably.

The government has yielded to the wishes of the whole province of Quebec but more particularly to the request made last year, on March 2, 1953, if I remember correctly, by a delegation representing the council of economic planning of the Lake St. John district, which submitted at that time, to the government and to the hon. Minister of Transport, a brief carefully prepared by outstanding economists, on the economic advantages to be expected from the construction of that railway line.

I extend my most sincere congratulations to the minister for having introduced the present bill. It does not matter, Mr. Chairman, whether this railway operates, during a certain time, at a loss. Besides, it would not be the first time, for we know that railways have operated at a loss in the past. However, the Canadian National is controlled by the government and the loss brought about by insufficient revenues will be, no doubt, largely compensated by other revenue resulting from the economic expansion that will surely follow its construction.

I am particularly pleased with this bill because it will make transportation easier between the Saguenay-Lake St. John district and my own district, that is, the city of Quebec.

It will first of all contribute to provide work for hundreds of unemployed who ask nothing better than a chance to earn their living honestly and provide for the needs of their family and their children. Secondly, the building of that railroad will increase our national wealth and, thirdly, it will ensure the economic stability of the Saguenay-Lake St. John district.

Mr. Chairman, before concluding my remarks on the matter, may I be permitted to remind the minister—and I hope that in doing so I shall not be out of order—that there is between Quebec and the Lake St. John district another railroad of which mention has been made on several previous occasions in the house. That railroad is in such poor repair that it should be completely rebuilt. The fact that it is possible, on the one hand, to travel from Ottawa to the provincial capital of Quebec, a distance of 289 miles, in six hours while, on the other hand, it takes exactly 10 hours and 35 minutes to go from Quebec to Dolbeau in the Lake St. John district, a distance of only 233 miles, gives a good idea of the pitiable condition of that railroad.

(Text):

The Chairman: Order. I wonder if the hon. member might not more properly direct these remarks on the estimates of the Minister of Transport.

Mr. Chevrier: Mr. Chairman, I think perhaps it would be much better if my hon. friend did so because he is really out of order.

(Translation):

Mr. Dufresne: Very well, Mr. Chairman, I do not mind, but I will return to the subject later.

I would like to close my remarks by congratulating the government once again, and more particularly the hon. Minister of Transport—I have not been applauded very often by the other side of the house—for this most outstanding development and more particularly for the particular attention he has given to this subject. I wish, once more, to support the government most wholeheartedly in this connection. This is a move which will, among other things, foster the growth not only of the Saguenay region and of the province of Quebec, but of Canada as a whole.

Mr. Villeneuve: Mr. Chairman, when I requested from the electors of Roberval constituency the mandate which I am now carrying out, I promised them that I would fight for their rights and their interests, as well as for the projects dearest to their hearts.

Consequently, on November 13, 1953, when I seconded the address in reply to the speech from the throne, I spoke in favour of the building of a railway to the Chibougamau mining district, in the Lake St. John district.

Canadian National Railways

On April 29, last, the government deemed it advisable to grant the wishes not only of the people of Lake St. John district but also of the citizens of Abitibi.

Thus both parties are satisfied and get a railway that will link Abitibi and Lake St. John, a link which they have had to do without so far and which will make for a greater development of those regions around a new centre of gravity, the Chibougamau mining district.

I now have a very pleasant task to perform, that of thanking the government, and especially the hon. Minister of Transport (Mr. Chevrier) for such a wise move, the economic outcome of which will be so important for the whole of the Lake St. John district and particularly for Roberval constituency which I represent in this house, since a branch line of that railway will extend to St. Felicien.

(Text):

Mr. Chevrier: Mr. Chairman, perhaps my first word should be one of thanks to the committee for the manner in which it has received this resolution having to do with the construction of two branch lines of the Canadian National Railways, one in the province of Quebec and the other in the province of Ontario. I can only express the hope that the rest of the legislation which I have to bring before parliament this session, and it comprises some seven or eight bills, will receive the same enthusiastic reception.

I do not intend to make any lengthy remarks because I do not think the resolution stage is the place where this should be done, but I think the committee, in view of the temper it is now in, would wish me at least to reply to some of the suggestions made during the course of this debate.

It has been suggested that the bill, when it reaches the appropriate stage, should be referred to the committee on railways, canals and telegraph lines. While it is not the practice to make that kind of announcement at this stage, I think, in view of the manner in which the house has received this resolution, that I should say now that it is the intention to follow the usual practice. As a matter of fact, I believe it would be a serious mistake not to do that because this is a matter which involves many millions of dollars and should be carefully considered by the committee.

At this committee there will be officers of the Canadian National Railways who will be able to discuss with the committee the profitability or non-profitability of the various aspects of the two lines. The hon. member for Vancouver-Quadra indicated that there was probably no reason for building the west section alone without at the same time building the eastern section. I think his words were to the effect that he did not think it was satisfactory to build at the west end first and delay the building of the eastern section, that is, St. Felicien to Chibougamau until after. But if the hon. member reads carefully what I said in my opening remarks I do not think he will glean that suggestion from the statements which I made to the house.

The government and the Canadian National Railways consider this whole line as a single enterprise. They believe it will be in the general interests of Canada to build it all. The Canadian National Railways have guarantees and will be able to establish the profitability, the financial betterment to the Canadian National Railways of that part of the line which extends from Beattyville to Chibougamau. As a matter of fact, that is only a continuation of the line they were authorized by parliament to build in 1949, and it has been proven to be profitable. It may be possible, though I do not affirm this, that by the time they complete the construction from Beattyville to Chibougamau, they can begin and continue construction on to St. Felicien, but that will depend upon industrial development in the area at that time. Indeed, it may depend on the industrial development in the immediate future.

My hon. friend referred to the zinc refinery about to be built at Chicoutimi. I hope it will be built, but I have no assurance on that score. The Canadian National Railways have tried on several occasions to have a zinc refinery built at Chicoutimi.

Mr. Green: Is that zinc or nickel?

Mr. Chevrier: Zinc. If that zinc development were forthcoming—if there was private initiative that would establish it—and if there were a guarantee similar to that which I have mentioned in connection with the western part of the line, then there could be no difficulty or no objection about the continuation of the line. It might well be that that position will obtain by the time the line has reached Chibougamau.

Then my hon. friend put a question in connection with the fact that there was no guarantee on the Ontario line from Hillsport to lake Manitouwadge such as there was on the western part of the Quebec line. The reason for that situation is obvious. The position of the Ontario line is so profitable in the eyes of the Canadian National Railways that no guarantee is necessary. I think the hon. member for St. Paul's covered that point perhaps as well as I could do it. The reason is this. In view of the potential traffic which exists in that area, the Canadian

National Railways estimate that the revenues on the Canadian National Railways will be bettered to the extent of $6 million a year by the construction of this line from Hillsport to lake Manitouwadge. In fact, the inbound traffic alone would warrant the construction of the line, let alone the outbound traffic; and the outbound traffic will be far more important than the inbound traffic. As a matter of fact, the minimum amount of traffic required for a profitable position on the Ontario line would be 700 tons per day; and that amount will be more than reached by the potential mining development in that area.

Then another reason why no guarantee is necessary is that this is in a completely different section of the Pre-Cambrian shield than are the Quebec lines. The Quebec lines are in entirely undeveloped country whereas the Ontario line is built almost between two main railway lines, that of the Canadian National Railways and that of the Canadian Pacific Railway. In fact the distance from lake Manitouwadge to the Canadian National Railways is 27 miles and to the Canadian Pacific Railway the distance is a little bit greater. Although I am not too sure just what it is, I think it is perhaps 35 or 40 miles.

To deal with the question raised by the hon. member for St. Paul's, namely whether or not the Canadian Pacific Railway had indicated any interest in the line, I can only say that I am sure they are interested. In fact, any railway company would be interested in that amount of potential traffic. However, they have certainly given no indication to me or, so far as I am aware, to any others connected with the government of their intention to build such a line. I presume, however, that if the Canadian National Railways felt that such a line should be built, they might feel similarly. However, that consideration in itself is not a reason why they should. Even if the Canadian Pacific Railway wanted to construct a branch line into that area, it would be for parliament to decide whether, having regard to the charter which we will, I hope, approve here, they should give a second charter to the Canadian Pacific Railway.

My friend the hon. member for Winnipeg North Centre raised the question of labour relations and labour conditions in connection with the subcontracts or the contracts which the Canadian National Railways give on these lines. He referred more particularly to one which had been given in connection with a branch line authorized in the House of Commons from Sherridon to Lynn Lake some two years ago. I remember the charges which were made, I think, by a Winnipeg paper. I brought them to the attention of the Canadian National Railways and they were immediately investigated. I must say that they were highly exaggerated. I do not think there was any doubt about the exaggeration of the conditions under which men were alleged to be working. I also know that the Department of Labour carried out an investigation. The results of both the investigation by the Department of Labour and that by the Canadian National Railways were made public at the same time. However, I am glad the hon. member brought to the attention of the committee the conditions that appertained there. I shall see that the Canadian National Railways officials are made aware of the position—not that they are not already aware of it—and that in granting any contracts or subcontracts, they shall keep in mind the consideration that the general labour conditions should be in accordance with the laws and the labour code of this country.

(Translation):

Mr. Chairman, I wish to thank the hon. members for Villeneuve (Mr. Dumas), Lake St. John (Mr. Gauthier), Roberval (Mr. Villeneuve) and Quebec West (Mr. Dufresne) for their contribution to this debate. I see that the first three of these hon. members, whose names I mentioned, are most happy over the decision taken by the government with regard to the construction of these railway lines. I am convinced that the representations made by these hon. members, as also those which they have made through delegations from their constituencies, have had a fortunate effect on the decision taken by the government to undertake the construction of these railway lines.

(Text):

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 442, respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge lake, both in the province of Ontario.

Motion agreed to and bill read the first time.

DEPARTMENT OF TRANSPORT ACT

PROVISION FOR CONTROL OF GOODS IN BULK

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize the governor in council, for a limited period of time, to provide for transport control of goods in bulk.

Department of Transport Act

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Churchill: Mr. Chairman, I presume that the minister has ready for the committee one of his able statements setting forth the background and purpose of this resolution. May we have it from him?

Mr. Chevrier: Mr. Chairman, my able statement is not with me at the moment. Unfortunately, I left it on my desk in my room. However, I think I can summarize fairly well what the position is.

Mr. Knowles: The minister can probably do even better without it.

Mr. Chevrier: The resolution reads as follows:

That it is expedient to introduce a measure to authorize the governor in council, for a limited period of time, to provide for transport control of goods in bulk.

As the committee knows, under the War Measures Act—

Mr. Knowles: The Emergency Powers Act.

Mr. Chevrier: Yes; I should say the Emergency Powers Act. I thank my hon. friend for the correction. Under the Emergency Powers Act the governor in council passed an order providing for regulations for the movement of goods in bulk. This order in council has to do with movement by rail and on ships. The legislation referred to in the resolution will be contained in a short bill to be introduced later and seeks to continue for a period of two years only practically the same powers that are contained in that order in council.

As the committee knows, following the appointment of the transport controller there was provision whereby goods in bulk as defined in the regulations could be moved in adequate volume and at the times required. I believe that the transport controller and his assistants have done a very good job. As the situation is now, the transport controller has a representative in Vancouver with one stenographer. There is also a deputy controller in Montreal, and a secretary in Ottawa, because of necessity the transport controller must spend most of his time away from his office here. All told there are but six employees in this branch of the department.

The aim of the transport controller has been to ensure the movement of bulk commodities such as grain and grain products, ore, coal, pulpwood, pulp and timber of all kinds in order to meet export requirements. Since transport control was established there has never been a shortage of box cars in western Canada to move Canada's grain crop. There have always been approximately fifty thousand cars in the west which is sufficient to keep terminal unloading and cleaning capacity operating efficiently and to meet all export and domestic commitments.

Vessel transportation has been ample to meet all shipping requirements. The transport controller has had tremendous co-operation not only from all rail companies but also from shipping companies. For instance, in 1952-53 exports of the five major Canadian grains together with the grain equivalents of wheat flour, rolled oats and oatmeal, totalled 583,200,000 bushels. This was a new all-time record for foreign shipments of Canadian grain during one crop year, exceeding by 15 per cent the previous high volume established in 1951-52 when over-all exports amounted to 506 million bushels.

In 1952-53, for the second time in their shipping history, the Pacific coast elevators topped 100 million bushels of wheat destined overseas. More than 104 million bushels were exported through these ports to break the record of 103 million bushels set in 1951-52. The same can be said of Canada's Atlantic ports. They also had a record year for wheat, loading out nearly 189 million bushels, 24 per cent more than the previous record of 151 million bushels. The same can be said of the port of Churchill where 8,600,000 bushels of wheat were shipped in the 1952 season and over 10,500,000 bushels in the 1953 season.

As I indicated earlier, all of the transportation agencies, railways, exporters, elevator operators, owners of ocean-going vessels, the federations of agriculture and others, have co-operated with the transport controller to the fullest extent, and I think the committee will be of opinion that it is in the general interests of the trade and commerce of this country that the transport controller be continued in existence so that the movement of these goods in bulk can be carried on efficiently. For that reason I am confident that the resolution will commend itself to the committee.

Mr. Brooks: Has the transport controller authority to say through which ports bulk commodities are to be shipped overseas?

Mr. Chevrier: He has that power under the present emergency powers. I do not know that he has ever used it.

Mr. Churchill: I thank the minister for his statement, which gives us some of the particulars concerning this matter. In looking back I noted in *Hansard* of 1951 that the member for the then constituency of Souris,

Mr. Ross, advocated some such system as was later instituted, the appointment of a controller so that the box car situation in the western provinces would be under better control. In 1952 that request was again brought to the attention of the house by the hon. member for Prince Albert. Apparently in appointing the controller the minister and the government recognized the need for some supervision over the box car situation, particularly in relation to the shipment of grain.

I noted, however, that the minister in his remarks said nothing about the situation which apparently disturbed those two members on the occasions when they spoke, namely, Canadian box cars being in the United States and not being returned for Canadian use as rapidly as seemed desirable. Perhaps the minister may comment on that later and let us know whether or not the transport controller has supervision over that and makes the necessary arrangements with the railway companies so that a proper balance is maintained between American box cars in Canada and Canadian box cars in the United States.

I am not at all clear whether the transport controller simply arranges for a sufficiency of box cars in the west, as the minister set out, or whether he goes further and has some control over distribution. As I understand the situation, a problem frequently arises because, although box cars may be available in certain localities, a need for them arises elsewhere. Perhaps the minister might comment on that point later. In view of the fact that this appointment was recommended in the past by those of our members thoroughly familiar with the situation so far as the shipment of grain is concerned, we are naturally interested in the continuance of this method of control. I note that it is only for a two-year period and will come under review again in the future.

Mr. Argue: At this period of congestion in the shipment of grain some organization has to have the kind of authority that the minister has said the transport controller will continue to have. I believe that these powers were first brought into effect when there really was a shortage of railway box cars compared with the demand for shipment of scrap iron of all kinds, lumber, ferrous metals and grain. The situation today is entirely different. There is an oversupply of box cars and no shortage whatsoever. There is a shortage of markets for various commodities and therefore there is congestion in grain. The powers under this legislation need to be used to allocate box cars so that shipment quotas for grain may be kept in effect on a fair and equitable basis. There is certainly no shortage of box cars, because we in western Canada know that box cars coming into various points with lumber or coal are often sent out of those points empty, even though the elevators are bulging with grain. It may be that these regulations, as they are now constituted, and as I presume they will be in the legislation, are necessary in order to have a fair allocation of box cars to maintain the quota system.

We should not fool ourselves into thinking that the transport controller is really controlling the allocation of box cars. I have heard him say that it is the Canadian wheat board that decides the amount of each kind of grain that it wants. It is the Canadian wheat board that decides the number of box cars of grain it will take from each elevator company. The wheat board informs the railway companies of the amount of grain that is required and the transport controller tells the railway companies to make sufficient box cars available to move that grain.

The trouble is that these powers have not been used in a way that is fair and equitable to the producers in western Canada, and which would allow them to deliver to the elevator of their own choice. As a matter of fact the kind of powers that are embodied in this legislation, whether they are used by the transport controllers or whether they are turned over to the railway companies or some other body, have resulted in definite discrimination in the allocation of box cars and have removed the freedom of choice of elevator company from the producer. Certainly, if the powers in this legislation are to be used in a fair and equitable manner, some very definite changes in policy will have to be made.

I have before me a table of the relative position in the handling of grain in Saskatchewan. These figures are taken from various government publications, and are compiled by the Sanford Evans statistical service of Winnipeg as of March, 1952. These statistics show that when the farmers in Saskatchewan have the opportunity to deliver grain to the elevator of their own choice, their own elevator system, controlling 40·7 per cent of the capacity, obtained 50·4 per cent of the patronage. As the elevators became plugged and as space available in the elevators was made possible only through the allocation of box cars, this allocation resulted in a definite loss of business to that farmer owned organization. There was a gradual and continuing loss until now that elevator system, which has increased its capacity in the intervening years from 40 per cent to 44 per cent, has found its handlings drop from 50 per cent to 45 per cent and according to the current information those handlings are down now to about 43 per cent.

These handlings are down to 43 per cent because that elevator system is allocated 43 per cent of the box cars. That is all there is to that. Because of the action or lack of action, there is a definite discrimination in the allocation of box cars. I, for one, would like to see the producers given the right to decide the elevator to which they wish to haul their grain. I feel the powers we have in this legislation are necessary, but I should like to see those powers exercised by the producers themselves. Rather than have those powers built into the legislation that is likely to be brought forward, there should be legislation amending the Canada Grain Act that would allow the farmers themselves to decide where they wished to market the grain, and allow the farmers to post their intentions in their wheat board permit book. Then, the box cars could be allocated on the basis of the producer's own interest.

I feel that would be much more satisfactory than the arbitrary method that is now being followed of allocating a certain percentage of box cars to various elevator companies based only on handling capacity or the number of country elevators in that system. Certainly, there is congestion in the handling of grain in western Canada now. The majority of delivery points are still on a five bushel quota, and that means the majority of the farmers at those points have delivered much less than five bushels per seeded acre. As I understand it, this legislation is to remain in effect for another two-year period. Certainly on the basis of the present surplus of grain and the likelihood of a crop this year, I believe the legislation is being extended for a minimum period of time.

When parliament approves of this legislation, I am hopeful that a new system of allocating box cars for the hauling of grain will be devised, a fair system that will take the wishes of the producers into consideration so that in the future they may be able to haul to the elevator of their own choice. This is something they have not been able to do under the legislation now. As I say, we believe someone has to have the powers that are set forth, and which are now used by the transport controller. We hope that these powers will be used to provide a fair distribution of box cars, and we would like to see those powers in the hands of the producers so that the producers themselves could select the elevator company to which they wished to deliver their grain.

Mr. Campbell: I had two criticisms to make of the allocation of box cars, but one criticism has been made by the member who has just taken his seat. So far as the other point is concerned, I want to draw to the attention of the minister the fact that the branch lines in our province did not get cars until well on into the summer, although the farmers living on the main line were able to deliver all their 1952 crop. The farmers who lived on the branch lines still have a large proportion of their 1952 crop on their farms. In so far as my own constituency is concerned, I am certain about this matter I am mentioning.

I feel this subject should be given detailed consideration. I am hoping this measure will go before one of the committees of the house, perhaps the agriculture committee, where we could have the transport controller before us and the whole system of the allocation of box cars could be examined. I do not know who is responsible for the fact that the railways cleared out the main line elevators and left the branch lines to the last. I do not know whether or not it was the transport controller or the railways. I feel we should find that out. I do believe that those elevators situated on branch lines should have their share of box cars when a distribution is being made.

Mr. Green: May I ask the minister one or two questions. Will the transport controller have authority over all sorts of bulk goods? The minister mentioned, in addition to grain, ore, coal, pulpwood and timber. Why is it necessary for this controller to have authority over commodities of that type. Would it not be sufficient if his powers were restricted to grain because apparently it is in connection with that commodity that all the difficulty arises.

Would the minister explain what control there will be over goods carried by ships, particularly foreign ships. I can see where it would be possible to control a Canadian registered ship, but just how would this control work, say in the case of a Japanese ship?

Will the controller have any authority over rates charged? Will he have any authority over the price charged for grain at different ports in Canada?

Mr. Chevrier: Mr. Chairman, I presume I will be closing the debate at this time.

Mr. Green: We are in committee.

Mr. Chevrier: Mr. Chairman, I think many of these questions will be answered when the legislation is before the house. My hon. friend wants to know what authority the controller will have over certain goods in bulk. There is a definition of goods in bulk in the legislation over which the controller will have authority. I do not think that we have reached the stage when that information should be given.

There is a definition of ship in the legislation. Pretty much the same authority is given as is to be found in the Department of Transport Act.

I am positive that there is nothing in the proposed legislation having to do with control over rates.

The hon. member for Winnipeg South Centre asked what authority the controller would have over cars which are in the United States, and about the box car situation generally. I think it can be said that there is no shortage of box cars at this time. It has been the practice in the past for the transport controller to meet from time to time with his opposite number in the United States when one existed, and with officials of the American association of railroads, and obtain from them some assurance that box cars would be returned to Canada when there was a shortage. The last statement which I saw indicates that there is quite an over-all surplus of all kinds of cars, box cars, hoppers, flat cars, and the like, as between Canada and the United States. I am unable to say what the situation is in the box car field alone, but it should be quite easy to have a statement when the matter is up for discussion on the second reading of the bill.

I do not want to go into the questions which the hon. member for Assiniboia raised, as they are matters which concern my colleague, the Minister of Trade and Commerce. Perhaps there will be an opportunity to deal with these questions when we are on second reading.

Mr. Hansell: Mr. Chairman, we have not spoken extensively on this resolution because we realize that it precedes a bill. However, I should like to ask the minister just three simple questions. I was not able to be in the house when he made his statement.

The resolution indicates that this authorization is for a limited period of time. Is the minister in a position to say now what that period might be, if he has not already done so in the remarks he made previously?

As this is only the resolution stage I should like to ask the minister what effect, if any, this measure will have upon the trucking industry. The trucking industry of Canada is becoming a very large industry with millions of dollars invested which must be protected. There was a day when a five-ton truck on a highway was considered a big haul, but today it is nothing to find trucks able to haul twenty-five tons plus a trailer. I wish the minister would answer that question if it is considered to be a reasonable one.

My third question is whether the bill to follow will be referred to the appropriate standing committee.

Mr. Chevrier: Mr. Chairman, answering the first question, the limitation of time is two years.

My hon. friend wanted to know what bearing this legislation would have upon the trucking industry. I do not think I or anybody else would be able to say that. I can say that by virtue of this measure the transport controller will have no authority over highway transport.

My hon. friend wanted to know whether the bill would be referred to a committee. I doubt whether it would be advisable to refer the bill to a committee. I think it might be just as well if we discussed it in committee of the whole.

Mr. Knowles: A few minutes ago the minister said that he had several other pieces of legislation to bring before the house at this session. Are any of the other items similar to this one in that they seek to carry forward in statutory form matters which are presently covered by orders in council under the Emergency Powers Act?

Mr. Chevrier: I am afraid that that will have to be answered by someone other than myself. That is a matter of government policy and it will have to be made known on the order paper from time to time as it is determined.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 443, to amend the Department of Transport Act.

Motion agreed to and bill read the first time.

PUBLIC SERVANTS' INVENTIONS

PROVISION FOR OWNERSHIP, MANAGEMENT AND PAYMENT

Hon. J. W. Pickersgill (Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure respecting inventions by public servants to provide a uniform legislative scheme to govern the ownership and management of and the payment of awards for inventions made by public servants of the government of Canada in connection with the duties or employment of the inventors.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Fulton: The Secretary of State should outline for us the scheme envisaged by this resolution.

Inventions by Public Servants

Mr. Pickersgill: Mr. Chairman, it is difficult to add much to the excellent description that is given in the resolution itself, and which I forecast in the house when I had another piece of legislation here on February 11 last.

Mr. Knowles: That is unusual.

Mr. Pickersgill: For some considerable time there have been four different statutes which dealt with the rights of different groups of public servants who happened to make inventions which were patentable and for which patents were secured. There were certain provisions in the Patent Act which applied to what I suppose would be described as the ordinary kind of civil servants. Then there were provisions in the National Defence Act which applied to that department and to some extent to the forces. There were also certain provisions in the Atomic Energy Control Act and in the Research Council Act. I could give the reference to the rights under those various statutes if anyone was sufficiently interested. The rights differ from one another. It was felt by the government that there was a reasonable ground for certain public servants to feel that they were being discriminated against in certain circumstances as opposed to others, and in any event that we ought to have, as soon as it could be conveniently done, uniform legislation applying to all public servants.

A scheme for such legislation was drawn up before I became a minister. It was impossible to find the time to introduce it at the last session of parliament, and it might not even have been introduced at this session, sir, but for the fact that the Minister of Trade and Commerce, in his other ministerial capacity, has a bill on the order paper to amend the Atomic Energy Control Act. In that legislation he is dropping the provisions relating to inventions. Therefore, there is some importance in getting this legislation through concurrently with the other bill.

The scheme itself is set out quite clearly in the bill. In general it follows the line now followed in the national research council practice, where there is perhaps the largest practice, and which on the whole seemed to have the best scheme.

Mr. Fulton: The scheme as outlined by the Secretary of State seems to be a reasonable one, if I understood him correctly, to bring together in one statute all the provisions relating to rights of government employees concerning patents of inventions made by them in connection with the duties or employment of the inventor. Two questions occur to me. What general principle is being followed in the way of encouraging public servants to make inventions? For instance, the resolution itself contemplates the payment of awards for inventions. I would appreciate it if the minister would say a few words on what pattern they intend to follow in that connection, and also whether there is to be any provision in the legislation for financial benefit, apart from the award, from an invention to accrue to the inventor. Without going into any detail, there will be general agreement that with respect to inventions and discoveries made in the course of the employment for which the inventor is employed, work which is in the line of duty, the benefits should accrue to the crown, although there might be some award to the inventor; but not if, for instance, a public servant who has been employed to work along certain lines of research finds his interest aroused along what you might call a sideline, although it may be connected, and he goes off and does research on his own, on that other aspect of the matter. Then it seems hard that he should, simply because he happens to be working for the crown, not receive financial reward in the way of royalties or patent rights. We would appreciate it if the minister will say whether that matter is to be covered by the legislation in a form which will encourage public servants to employ their inventive capacity in the same way that private inventors are now encouraged.

Mr. Pickersgill: Perhaps I should say that anything I do have to say on this subject will be very tentative. This is probably a question the Minister of Trade and Commerce is much more competent than I am to deal with, because in his ministerial capacity he deals with these things, and I do not think it will surprise the committee to know that very few inventions are made in the Department of the Secretary of State, so far as I know.

Mr. Fulton: Only political inventions.

Mr. Pickersgill: They are made mostly by the minister, and they are not patentable. With respect to the term "awards", some consideration was given to what term should be used. To the ordinary layman, and perhaps even to so distinguished a lawyer as the hon. member for Kamloops, the word "award" suggests a simple lump sum, but it need not be that at all. It might be an award of a certain percentage of any benefits such as royalties which might be derived. As I understand it, the national research council has had quite a lot of experience with inventions that have been made, and they have worked out a kind of scheme which they apply to these things, which is working pretty satisfactorily and which seems to have accomplished the very results that the hon. gentleman thinks are desirable.

In the main it is the pattern that is followed in the legislation that is now to be more generally applied, if the house sees fit.

Resolution reported, read the second time and concurred in.

Mr. Pickersgill thereupon moved for leave to introduce Bill No. 444, respecting inventions by public servants.

Motion agreed to and bill read the first time.

Mr. Fulton: Five o'clock.

Mr. Speaker: Since it is five o'clock the house will now consider public bills.

CANADIAN WHEAT BOARD ACT

AMENDMENT TO ADD CHURCHILL AS DELIVERY POINT

Mr. H. A. Bryson (Humboldt-Melfort) moved the second reading of Bill No. 441, to amend the Canadian Wheat Board Act.

He said: Mr. Speaker, this bill proposes to amend the Canadian Wheat Board Act and I will make a further explanation of that in a moment. I introduce this bill in the knowledge that a similar bill has been introduced before. But circumstances have changed since that time, and I believe that some of the factors which at that time seemed so highly debatable can now, in the light of recent developments and future prospects, be introduced and justified to a greater extent than ever before.

The intent and purpose of this measure is outlined clearly in the explanatory notes. The only change sought by the introduction of this measure is the insertion of the words "or Churchill" in the appropriate places in two sections of the act. As the explanatory note states:

> The effect of this change will be to permit producers in the area accessible to the port of Churchill to get the advantage of the cheaper freight rates to Churchill, wherever such cheaper rates apply. The implementation of this provision will not involve any increase in expenditure either by the government or by the Canadian wheat board.

Then, Mr. Speaker, I would like to refer to a statement made by Mr. Robbins of the Canadian wheat board speaking at the Hudson Bay Route Association meeting in Moose Jaw on March 4. He said he felt that the farmers in the area accessible to Churchill should have the benefit of the cheaper freight rate to that port as against the port at Fort William. Subsequently a resolution was passed at that meeting which reads as follows:

> Be it resolved that the wheat board be requested to credit the individual growers of wheat with the saving in freight that can be made through shipments to Churchill and thus place Saskatchewan farmers in a similar position to Alberta farmers residing in the preferential freight area of Pacific coast points.

I am tempted at this point to go into all the aspects of the Hudson bay route as it affects and will affect in future the over-all economy of western Canada, but I do not propose to do so. I will rather confine my remarks to the bill before the house at the present time.

Wheat producers in the area accessible to Churchill feel very strongly about the fact that the wheat board has not seen fit to make the port of Churchill a basing point. In other words, we feel that the port of Churchill should be designated a port of delivery for wheat bought by the wheat board, thereby placing us in exactly the same position as those producers in the area accessible to the port of Vancouver and, by the same token, the port at the lakehead. Producers in western Saskatchewan and in Alberta are in a preferential area. That means that if you live on or west of a line roughly through Battleford, instead of shipping your wheat to Fort William you can ship it to Vancouver. You will realize, Mr. Speaker, that as you get farther west your freight rate progressively decreases. If you live east of that line through Battleford and on into Manitoba your freight rate also becomes progressively less as you come closer to the lakehead.

We in the area adjacent to the port of Churchill believe that we should have the same treatment as those producers who live in these two preferential areas. We believe that we have contributed substantial sums of money toward the building of this Churchill project. I do not intend to go into that, except to say, for the benefit of those hon. members who are not too well acquainted with that project, that the government of Canada set aside in western Canada certain lands amounting to approximately 14 million acres. I believe that land was subsequently sold for some $42 million and that money was spent on this so-called Churchill project. The Minister of Transport (Mr. Chevrier) indicated some time ago that up to 1945 the dominion government had spent some $51 million on this Churchill project, and that of course included $6 million spent at Port Nelson, which was subsequently abandoned in favour of the port at Churchill. We believe that out of that sum of $51 million we contributed something like $42 million toward that project. In the light of that we think we have a claim to any benefits which may accrue from the cheaper freight rates to the port of Churchill.

I am well aware that the minister will probably criticize that statement and point out, quite rightly, that any savings made

because of cheaper freight rates go into wheat board revenues and that such savings will eventually be reflected in the final payments made by the wheat board. That statement is quite correct, but the same is true of the grain hauled to the port of Vancouver and Fort William. Any savings made there go into the general revenue of the wheat board and are distributed fairly to all the members.

However, in addition to that, those people in these preferential areas gain something over and above that because of the fact that they pay a lower freight rate than we do. To emphasize the problem further, I would point out that the producers in the Melfort and Wadena areas of Saskatchewan, for example, had a great deal of their grain shipped to Churchill, yet they paid the freight based on the Fort William rate. I will admit that the freight paid on wheat sent to Churchill at the present time does not constitute a very great burden. As a matter of fact, I believe that in the most preferred area the cost is four cents per hundred and that is the best price anyone in that accessible area could expect to get. Of course, as you go farther away from the preferred area it falls from four cents to three, and so on. In other words, as you get near the fringe area the differential is not so very much. The Saskatchewan wheat pool in March of last year made an estimate of the benefits which would accrue from the cheaper freight rate if that area and the port of Churchill had been designated a basic point for the wheat board.

Here is the way it would have worked out. All companies combined shipped some 11 million bushels of wheat last year. Of that total, 5,748 bushels came from outside the designated area; 438,453 bushels came from the so-called fringe area around the outside where there was only one cent of differential in freight rate; 1,975,216 bushels came from an area with a preference of two cents; 2 million and some hundred thousand bushels came from an area where the differential was three cents; and 360,040 bushels came from the most preferred area where they would have got a preference of four cents per hundred pounds. At the present time, this is not a large amount of money, as I said a moment ago. As a matter of fact, it amounted to only $188,275. The minister can argue, and rightly again, that that amount will all be eaten up in diversion charges. Incidentally, I should like to say something about diversion charges a little later on—

Mr. Knight: Why do you assume he is going to oppose it?

[Mr. Bryson.]

Mr. Bryson: —in the light of what we were told here the other day by the Minister of Transport to the effect that the elevator capacity is going to be doubled and I think something else that should be taken into consideration is the statements made by some of the shipping companies that the shipping season at Churchill can be extended ten days at the start and ten days at the end of the shipping season. In the light of those things happening, I think that this freight rate differential takes on an entirely different aspect.

It is estimated on the best of authority that there are some 60 million bushels in an area that is accessible to the port of Churchill. It is only reasonable to believe that possibly 30 million or 40 million bushels could be handled through the port of Churchill in any one season. When we were selling wheat in 1946 or thereabouts, it was argued that you could not fill the elevator at Churchill with wheat, leave it there for ten months of the year, and expect the people in the rest of western Canada to pay for those carrying charges. I agree that, at that time when we were disposing of wheat, that argument was sound. Now, however, that argument does not apply because it does not cost any more to store wheat at the port of Churchill than it does to store it at Vancouver or at Fort William. You therefore cannot argue that point on that ground any longer. As a matter of fact, according to a return made in the house here the other day the elevator at Churchill was full last winter and almost full the winter before.

I am therefore going to suggest that if we designate an area accessible to the port of Churchill, in spite of the fact that we cannot send the 60 million bushels to Churchill, we should ship what we can to Churchill and ship the rest of it to Fort William but pay the producer in that area on the freight rate preferential basis, on the Churchill basis. Even if he had to send it to Fort William, let us pay him on the differential basis as it would apply to Churchill in any case. We are doing that. We have done that before. As a matter of fact, when the war was on a great many producers in the area who normally would ship to Vancouver shipped their grain to Fort William—the long haul to Fort William—and the freight rate was equalized by all the producers in western Canada. As a matter of fact, I believe at the present time that line which was designated as the line where grain would go east or west—a line through Battleford—has now been moved east to the Watrous area. I think there is a good reason for that. I am all for it because it is going to mean that producers in the

Watrous area can now ship grain and their quotas will be raised so that they are on a par with some of those points in Alberta that are now on a seven-bushel quota. I believe that is the thinking behind that move. I am all for it. But again I say that the differential in freight is being equalized and is being paid by the producer.

There is one other point I should like to make. I have here a statement made again by Mr. Robbins of the wheat board who showed how the buyer of wheat from the in-store position at Churchill will benefit by 7¼ cents a bushel over Fort William. If that is the case, I should like to make this suggestion to the minister. I do not believe that the buyer should get all the breaks. If you would take possibly a cent and use it to pay the cost of the equalization of the freight in this area accessible to Churchill, I think you would find matters could be so organized that any grain you had to ship to Fort William could be from a fringe area, which grain would amount to maybe 30 million or 40 million bushels. The freight differential, of course, is one cent or less per hundred pounds. I think that if you would take some of that 7¼ cents, as the statement looks to me, that would help to defray a good deal of these equalization costs.

A while ago I said something about diversion charges. The freight saving on the approximately 11 million bushels that were sent to Churchill last year amounted to $188,000 but the diversion charges amounted to $186,000. The diversion charges almost equalled the savings that could be made on the freight differential as against Fort William. I am opposed to diversion charges. I cannot understand these things called diversion charges. I think the principle is wrong. I understand that these charges are negotiated every year. For the life and soul of me I cannot understand why any elevator company has the right to ask for diversion charges. They say: "We have built our elevators at the head of the lakes." They did not build them there because they are benevolent societies or anything like that. They built them there because they are going to make some money out of them. I say that, in spite of the fact that I am a wheat pool contract holder. As to the saving that is made anywhere along the line, whether it is diversion charges or not, as far as the wheat pools are concerned I know it will be reflected in the dividends paid back to the contract holders. But in spite of that fact, I say that the principle is wrong. They say: If you are going to go on shipping our grain to Churchill you have got to pay us 1½ cents a bushel because our facilities are there at the head of the lakes and they are sitting there empty. That would be the thinking of the average person. But their elevators are full down there. Still they are going to penalize the wheat board and the farmer in the end by 1½ cents a bushel because they say: You are making us put our grain where we do not want it. If it is reasonable to think that, is it not just as reasonable to think that I as a wheat pool contract holder can say to the wheat board, because of what I think is an inequity in the distribution of box cars: "You people are making me haul my grain to an elevator to which I do not want to haul, so I want diversion charges"? I think there is just as much sense in the one as there is in the other; and I am opposed to both. But I think if the principle is right in the one case, it is right in the other.

I think there is one other thing that we cannot overemphasize. I do not think we can overemphasize the fact that the United Kingdom buyers of wheat at port Churchill can take that wheat home to Britain at a cost of 24·395 cents per bushel as against a cost of 40·894 cents a bushel from Fort William. Then there is another point. If he buys at Fort William he has got to pay the freight from Fort William to the eastern seaboard which is 19 cents a bushel or about half of the total, in sterling. On the other hand, if he takes it from Churchill he only pays 24 cents in all and he can finance the whole thing in sterling. I think that is a pretty important consideration. If we are going to worry about markets and the effect of competition as far as wheat is concerned, I do not think we can go very far wrong by building more elevator space at Churchill and establishing more loading facilities there. When we can offer our wheat at such a saving in the competitive market of today I think we should give every consideration to this proposal. As I have said over and over again, I believe that those producers who live in the area accessible to the port of Churchill should have the benefit of the lower freight rate that applies on this route. I would ask that the bill be given early and serious consideration by the government.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, wheat may be outside my field, but I am very interested in the success of the Hudson bay route and the port of Churchill. I have watched the situation fairly closely for a number of years and I have had the pleasure of going to Churchill. It is interesting to me to see that the present member for Humboldt-Melfort (Mr. Bryson) has adopted and is

pursuing the course of his predecessor, the former member for the then constituency of Melfort who thought, when he introduced a similar bill, that it was a matter of some importance to himself as a farmer and to the other farmers in the area contiguous to the port.

My hon. friend has asked me to speak in support of his bill for a moment or two. It is true that he has presented all the arguments in favour of the bill but I might say a word or two on it. Just before I came downstairs I was looking at the debate that took place in 1949, a debate largely between the former member for Melfort and the Minister of Trade and Commerce (Mr. Howe). It can be found at page 589 of *Hansard* of October 6, 1949. On that occasion Mr. Wright moved second reading of Bill No. 13, to amend the Canadian Wheat Board Act. He argued that a good deal of the funds used to build the railroad came from the sale of western lands and pointed out rightly that the people who contributed have been looking for some return for that money since that time.

I believe it was in 1940 when the act was amended to add the word "Vancouver" to the words "Port Arthur and Fort William" for the purpose of making Vancouver a basing port for wheat. At that time the people of Alberta and western Saskatchewan too to some extent derived considerable benefit from that move. To be the devil's advocate for a moment, I will have to admit that the port of Vancouver is open the year round, and we must face it that that is a point that is relevant to this argument. On the other hand we will be told—in fact, we know—that the port of Churchill is only open for two and a half or three months in a year. Therefore the argument might be used that the advantage that would accrue might only accrue to those people who actually ship grain whereas in the larger area of Alberta and western Saskatchewan the mere geographical fact that the people live in those particular areas gives them that benefit whether they use the port of Vancouver or send their wheat to the eastern ports.

That is an argument against the bill now before us that we have to face, and I think it is fair to mention both sides of the question. But we feel that those people who live close to the port of Churchill should get some such benefit as do the people who live in Alberta and western Saskatchewan because of the fact that they are in the Vancouver shipping area.

My hon. friend has mentioned the question of diversion charges, and I have discussed it several times in the house. Like him I simply cannot understand the purpose of the diversion charges and I do not know why that particular iniquity is inflicted on the western farmer. I believe that once I characterized the diversion charges as money paid for service not rendered, and I do not know a better way to put it. I know that at times the minister has tried to explain the matter but I suppose we are a bit dense. I know that the western farmers simply do not understand it and I wish it could be explained more clearly for their benefit.

There are one or two other points. I remember that in opposing such a bill on other occasions the minister used certain arguments that in my opinion are not as valid today as they were then because of changed conditions. One argument that the minister used in October, 1949, was that wheat had to be kept at strategic points so that it would be available immediately for current needs and demands. That was certainly a good argument on that occasion. We were operating under the world wheat contracts then and wheat had to be placed at strategic points. I might say that this fortunate condition does not exist any more. In those days wheat could be delivered freely. There was a market for wheat and a shortage of wheat then compared with now. Wheat is not now moving with the same speed and we do not have to worry about strategic points.

Another argument that the minister used was that we could not afford to keep wheat stored at Churchill because it was an expensive business. That also was true in those times, but as my hon. friend has pointed out we now have to store wheat willy-nilly somewhere, and not only are we not avoiding the storage of wheat at Churchill but we are in the position where we wish we had more room at Churchill for wheat to be stored under almost any conditions.

I also remember that the minister said that at that time only 12½ per cent of the actual wheat grown in this area, which would be the area around Churchill if it were made a basing point, was actually shipped through the port of Churchill. That condition has now been changed because with the increase in the amount shipped to approximately 11 million bushels I would venture to say that the percentage of wheat in that particular area shipped through Churchill must have doubled. The figure is now 11 million bushels compared with 5 million bushels in those days. Therefore if this measure had any validity at all at that time it has more validity now.

There is also the fact that we are going to have more wheat at Churchill and that we are, I am afraid, going to have a greater

carryover and more wheat stored in this country for a period of a year or two at least. If the plans for storage go ahead we will have storage there of 5 million bushels instead of the present 2,500,000 bushels. Therefore there will be more wheat available and ready. As my friend has pointed out, the elevators there are full now even in winter. But under ordinary circumstances we would at least expect to have wheat delivered there starting in May or June, and certainly in time so that the elevators would be filled ahead of the coming of the ships in September.

The relative price of the handling at Churchill as compared with Port Arthur and Fort William I feel has some bearing on this matter. The minister himself admitted that, and I am quoting now from page 595 of *Hansard* for October 6, 1949. The former member for Melfort said:

> . . . if a favourable price is obtained for wheat at the port of Churchill under the world contract,—

We were under a world contract at that time.

> —a price in excess of the price at Port Arthur or Fort William, then I think it is doubly necessary that the people adjacent to that port should get some advantage from that price.

The minister replied:

> I would agree.

For those reasons then, Mr. Chairman, I am supporting the bill advanced by my colleague.

Mr. G. H. Castleden (Yorkton): In adding a few words in support of this Bill No. 441, I think it is clear to the house now that the intention of the bill is only to grant this privilege on freight rates to the areas within reach of Churchill, in the same manner as rates now apply to Fort William, Port Arthur and Vancouver. The effect of that would be to permit producers in the area accessible to the port of Churchill to get the advantage of cheaper freight rates wherever such cheaper rates would apply. The implementation of the provision would not involve any increased expenditure by the government or the Canadian wheat board and therefore we see little reason for not implementing it.

At this time I believe attention should be given to the facilities at the port of Churchill, because of its great importance as a port, its value to Canada as a nation and the development of the northern part of Canada, both economically and for defence as the whole economic and military picture of the world develops. The constituency that I represent would be in that area designated, perhaps only the small outer fringe of that area, but at the same time we feel that in justice to that area Churchill should be given that advantage. It seems only right that the port of Churchill and the people shipping there should have the same opportunities and privileges as are available to the people shipping to other points.

The matter of grain in the world today, particularly in western Canada, is a subject that is attracting particular attention of the people involved in this business because of the fact that expanding production seems to be a sort of constant thing now. With the changing techniques in the production of wheat, with the use of chemical weed killers and with better facilities, we are able to grow more and better wheat than we have ever grown before. Unfortunately this is true not only in Canada; other countries are learning how to grow wheat more effectively and more efficiently. The result has been that markets for Canada's wheat are gradually declining. It is, therefore, necessary that we look to every facility we can for the storing of our grain.

It appears that within 90 days we are going to be faced, we hope, with another big crop in the west. The problem of storage is then going to tax us, and it will be difficult. I believe I have advocated before in this house that preparations should be made now to have storage facilities available so that this grain can be obtained at the place and time we need it. Statements have been made that some of us seem to look upon a large crop as a calamity. I do not believe any of us have ever said that. The only thing that has been calamitous, so far as the farmer is concerned, has been his inability to deliver grain. If the establishment of storage space at Churchill and other places in Canada will help alleviate that situation, it will be of benefit to the farmer and others as well.

I believe that most of the arguments concerning the value of this bill have been presented. There is nothing more that can usefully be added. I will just say that for the good of Canada and as a means of aiding in making preparations for a situation that is rapidly developed, this would be a good move. It would give some equity to those people who ship grain to that area, and we would like to give it our full support.

Mr. W. G. Dinsdale (Brandon-Souris): I have listened with a great deal of interest to the presentation of my neighbours from Saskatchewan in connection with this bill. While my constituency is not in an area that would be directly affected by the change in the bill, I must indicate at this time that I am vitally interested in anything that would affect the extent of the commercial activity at Churchill. The port of Churchill is in the province of Manitoba, and Manitobans

whether they live in the south of the province or in the north, are vitally concerned with any move that would promote increased use of the port facilities.

The progress of the port of Churchill has been comparatively slow. That has been due to several factors. There is the basic problem, of course, of the battle against the elements because the port is located so far to the north. As has been indicated in the discussion this afternoon, the period of activity each year is relatively short. Notwithstanding that fact, there has been gradual expansion in the length of the season, particularly since the end of the war and the availability of modern electronic navigational aids. As the situation improves in this regard, no doubt maximum benefits will be derived from the use of the port facilities at Churchill.

There has been also the battle against vested interests in this country. It has been a long, uphill struggle to get recognition of the port as a suitable site for commercial activities in Canada. Gradually the resistance is being broken down. This afternoon some reference was made to the problem of diversion charges. This is the question in which I have been interested since I came to this house, and like other members from the wheat growing areas I find it difficult to understand why this diversion charge on grain flowing through the port of Churchill has been perpetuated from year to year. It seems to me that an unnecessary financial burden is being placed upon the use of the port. It seems to me that it is one small surviving unnecessary discouragement to the expanding use of the port facilities.

As I listened to the discussion I came to the conclusion that the bill as put forward by the hon. member for Humboldt-Melfort (Mr. Bryson) this afternoon is one step forward in the development of Churchill as a channel of commerce to and from this continent and hence I rise to speak in support of it. The development of northern Manitoba is moving forward rapidly especially in recent years with the coming into operation of mining activities at Lynn Lake and with the completion of the railroad extension to that point. There is every possibility that one of the difficulties of a wider use of the Churchill facilities for two-way traffic will be overcome. There is no doubt at all that in the not too far distant future the port will be used to export the rich ore resources that are being discovered and exploited in the northern part of our province.

With the doubling of the storage capacity of Churchill this year there will be an even greater possibility than heretofore of more incoming traffic from European countries. It seems to me that the proposal in this bill to equalize freight rates and to place Churchill in line with the other major ports of this country is just another step forward in the progress that has been made down through the years toward a more adequate use of the excellent port facilities at Churchill. For these reasons I support the bill which has been presented by the hon. member for Humboldt-Melfort.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, bills in similar terms to this bill have been debated in this house on other occasions, particularly in 1949 and 1950. I suggest that the real situation has not changed greatly since those debates took place. The proposal is that an area be designated as tributary to the port of Churchill and for which Churchill would be the basing point for freight rates. It has been said that this departure would cause no expense to the government and no expense to the wheat board, but I would point out that it would cause expense to farmers who were not within that particular designated area. The hon. member for Brandon-Souris (Mr. Dinsdale) says that his people are not concerned, but I suggest that if this bill goes through they would be concerned because they would pay their portion of the expense involved in making Churchill a basing point.

It is proposed that about forty to fifty million bushels of wheat would be based on Churchill, that is, there would be that much wheat grown in the logical area tributary to Churchill on the basis of existing freight rates. Although the port has been handling more business each year and is creating new records—last year was quite a step ahead—unfortunately it has never been able to handle as much as eleven million bushels during a shipping season. Obviously there would be in addition some thirty to forty million bushels of wheat enjoying the freight rate to Churchill even though the wheat board would be paying the extra charge involved in shipping that grain to where it would actually go, namely Fort William-Port Arthur.

On the ten and a half to eleven million bushels that actually moved to Churchill last year there would have been a saving to the farmers within the designated area, but there was in fact no real saving to the wheat board. While there would have been a theoretical saving of $169,000 in freight rates, there was a payment made on the grain that moved to Churchill of an amount within $1,000 of the first amount in the form of diversion charges. So that we are asked to create a situation by legislation that does not really exist.

Mr. Knowles: The minister has often created situations that did not exist.

Mr. Howe (Port Arthur): We did create another basing point at Vancouver. This is a fairly recent development; I think it is within the time I have been in the house. However, we have a factual situation at Vancouver. The points within the designated area with freight rates favourable to Vancouver actually ship their grain to Vancouver. It is only correct that farmers in that area should have any benefits that accrue from pricing on the basis of Vancouver rates. All their grain actually goes there.

There is an area along the dividing line between rates tributary to Vancouver and rates tributary to Port Arthur where circumstances often make it desirable to ship grain to the port which is not the cheaper as far as freight rates are concerned. For example, because of the record movement of wheat from Vancouver at the present time and the limited movement from Port Arthur we have shifted the boundary east by several hundred miles. Today points as far east as Regina are shipping to the Pacific coast even though the freight rate to the lakehead is three or four cents cheaper. We are doing that so that the quota system may be worked out fairly. The wheat board is paying the extra cost. In other words, the man in Regina is being paid on the basis of a freight rate to Fort William when his grain is actually being shipped to Vancouver.

I have outlined a situation which we believe works out to the benefit of all concerned. It is a temporary situation and we think it is justified under present circumstances. But I do not think it could be justified to establish an artificial situation so that the man within a designated area will continue to be paid more for his wheat when we know that the greater portion of the amount that is paid would come out of the pool as a whole, rather than represent a direct saving on the shipment of that grain to Churchill.

So you have two situations. One situation is where you have fifty million bushels in a designated area where the rates would be favourable to Churchill but to where you could ship only ten million bushels; that being the present handling capacity of that port. The other situation involved is that on the ten million bushels shipped, the saving in freight is actually offset in full by diversion charges that must be paid if any grain is to be shipped to Churchill. You ask: Why do we not have diversion charges on grain shipped to Vancouver? The reason is that elevator systems are organized to ship to Vancouver. For example, the Alberta wheat pool terminal elevator at Vancouver is supported by a line of country elevators owned by the same company in Alberta. The United Grain Growers terminal elevator at Vancouver is also supported by a line of country elevators in Alberta owned by that company. There are other elevators owned by other elevator interests which are in the same position. For example, the Richardson firm built a terminal elevator in Vancouver and own country elevators in Alberta to support that elevator.

I am sorry there is so much difficulty about understanding the reason for diversion charges. The government owns grain elevators. We own a grain elevator at Fort William. We do not operate that elevator. Why do we not operate the elevator? Because it is not supported by a line of country elevators, and so that it may be operated, we lease it to the McCabe Grain Company who have a line of country elevators and are able to support the terminal elevator.

We have an elevator in Prince Rupert that was closed up for a number of years. Why? Because the government had no line of country elevators to gather grain for that terminal and to support it with shipments from the country. It takes a very considerable investment to establish a balanced system of country and terminal elevators. It is no good building a terminal unless you have country elevators; and if you have country elevators you do not get the full earning power out of them unless you can ship to your own terminal. Systems have been built up on that basis; investments are made in that way. They are not made by greedy capitalists; they are often made by the farmers themselves. I suppose the pool chains of grain elevators are far and away the biggest chains. The pools have a great investment in those chains, and if you say to the Alberta wheat pool: "You cannot ship this grain to your own terminal. It is true, you built a terminal at Vancouver so that you could get the earnings from your country elevators. We are not going to allow that; we are going to say that you must ship from country elevators that you own in Alberta to the government elevator at Prince Rupert." Well, the pool would say: "Is that fair? This system is built up to operate as a unit. We are entitled to handle grain at Vancouver that we collect in our country elevators in Alberta". I say, "Well, it is not fair, no, and you are entitled to a diversion charge equivalent to about the earnings that you would have made on the grain had it been shipped to Vancouver". It is exactly the same situation if grain is being diverted to a flour mill.

Grain is collected by an elevator company, and that company would normally expect to deliver the grain to its own terminal. If it is denied the privilege of shipping to its own terminal, it is the usual custom to pay a diversion charge on the grain. That is a reasonable expense. The principle has been agreed to over the years for a great many years. It is a logical expense in connection with shipments from privately-owned country elevators in Manitoba or Saskatchewan to Churchill.

I think therefore that this bill should be defeated. It creates an illogical situation. It gives a few people benefits to which the facts of life do not entitle them. However, I think my hon. friend, if he would like a suggestion for a bill in the future, is overlooking the real advantages of shipping to Churchill. There are earnings at Churchill, not in delivering grain to Churchill, but in shipping grain from Churchill. There is a benefit of about 9 cents a bushel on ocean freight rates from Churchill to European markets, as against shipments from Fort William to European markets. And he might logically say that that benefit belongs to the farmers in this designated area. Well, I still think that would be a poor argument. It would be a better argument, but after all we ship grain from where we can and to our best available advantage. Grain is a national problem. We build national ports; we spend taxpayers' money, great sums of it, in building facilities to market the grain crops of Canada. The advantages shift from year to year. Ocean freight rates have a good deal to do with differentials, and the savings are not the same from year to year. Therefore I think the present practice of marketing grain where we can, pooling the sums recovered and distributing them among all the producers, is a fair method of handling the marketing of Canadian wheat.

I just mentioned that suggestion so that my hon. friend will not bring this bill down again. We have had this proposal too many times. I do not think it is a logical bill; but if he really wants to get a debate on this subject he may lay claim to the extra 9 cents a bushel that represents the savings on shipments from Churchill. He might get some supporters. I do not know that I have anything else to offer other than to say I hope this bill will be defeated.

Mr. Speaker: Shall I call it six o'clock, or does the hon. member wish to start using his right of reply?

Mr. Weir: I would prefer that you call it six o'clock. I was going to make a few observations with respect to this bill, but since it is one minute to six o'clock I am afraid it is a little too short a time for me to get wound up.

On motion of Mr. Weir the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

RESEARCH COUNCIL ACT

AMENDMENTS TO ENABLE COUNCIL TO ACQUIRE FUNDS, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 375, to amend the Research Council Act.

He said: The amendments to the Research Council Act which this bill proposes are fundamentally designed to remove certain ambiguities and clarify certain financial arrangements that have assumed greater importance as the research council has grown in size. These amendments do not change in any fundamental way the principles and procedures which have guided the council in its operations over the years, and which, I think, have made possible the very effective work which that institution has been able to do in the promotion, organization and coordination of scientific and industrial research in Canada.

As there appears to be considerable interest at the moment in the broad aspects of industrial research in this country, I think it would be appropriate for me to say something at this time about how research is organized from the government standpoint, what is being achieved and what we may look forward to. I realize, as will all hon. members, that the research council is by no means responsible for all the scientific and industrial research but it does have very broad responsibilities and has had a great influence in guiding, directing and coordinating such activities over the past two decades. There can be no doubt about the value of scientific research to the country's industrial strength, as well as to its health, prosperity and well-being.

World war II demonstrated our nation's dependence on research and I have never heard in a debate in this house or elsewhere any question of the value of that research. The only difference of opinion is on the scale of support, and the best methods of coordinating the various activities. The important point to realize is that large-scale industrial research as we know it today is

a very recent phenomenon in the English-speaking countries. It is true that by the turn of the century Germany had built a large industrial empire on fundamental and applied research facilities, but before world war I there were relatively few large research laboratories either in government or in private industry on this continent. Between the world wars, however, major industrial companies in the United States such as the General Electric Company, Westinghouse Company, Dupont Chemical Company and the American Telegraph and Telephone Company built up very large competent scientific research laboratories. The same thing was true in England. But in Canada no corresponding development took place. This is quite understandable and was due to the fact that most sizeable industrial companies that expanded in Canada during those years were branch factories, and those in turn were dependent on research facilities in either the United States or Great Britain.

There were a few exceptions such as the Shawinigan Company, and the Consolidated Mining and Smelting Company, but generally speaking just before world war II broke out one could say that there were few real research laboratories in Canadian industrial plants.

Just to fill out the picture I would like to give the following figures which were contained in an address in 1949 by the then president of the national research council. The figures were given to indicate in a general way the expenditures and activities in the United States, the United Kingdom and Canada just before the outbreak of war. I realize that such figures are difficult to obtain in precise form but these difficulties, I think, can be taken as representing at least the order of magnitude of activity and prove the point I wish to make.

In 1938-39 government expenditures, which of course reflect activities and facilities on scientific and industrial research in the three countries, were on a per capita basis almost the same: from 40 to 50 cents. On the other hand, the per capita expenditures by industry were markedly different in the three countries: $1.70 in the United States, somewhere between 30 and 50 cents in the United Kingdom; and about 20 cents per capita in Canada.

It will be seen then that in 1938-39 in the United States private industry was supporting industrial research on a scale eight to ten times greater on a per capita basis, and perhaps 100 times greater on the basis of total dollars, as compared with what was being done in Canada. Further, in the United States at that time private industry was spending three to four times as much as the government, while in Canada government expenditures on research were over twice that of industry.

During and since the war the relative burdens of research expenditures have changed radically, particularly in the United States where government expenditures are now approximately equal to those of industry. While the picture here has also changed, and is changing, it is necessary, when considering how industrial research has developed in Canada, to keep in mind the comparative lack of private industrial research facilities in this country before world war II.

Let me illustrate by mentioning one problem we faced in 1939, namely the development and production of radar equipment. In developing such equipment in the United Kingdom and United States it was possible to place development contracts with the large research laboratories of private industries. In Canada, as I have said, comparable industry had no research facilities and, owing to war security restrictions, our branch factories were cut off from all contacts with the laboratories of the parent companies in such military work. As a consequence the development work in radar had to be organized by the national research council, and a crown company, Research Enterprises Limited, had to be set up to do the engineering development and production. The same thing had to be done to produce optical glass and many other special devices, and for work in the field of atomic energy.

The situation was slightly different in some of the chemical industries, especially those involved in the manufacture of explosives; but generally speaking when special and novel research and development were required the primary facilities could be found only in our government laboratories. As the result of our war activities the situation has changed a great deal, and many private industries are now doing good research and development work. But even yet it has been my experience that when one desires to place large development contracts with industry it is usually not possible to find facilities comparable to those which exist in the United States and United Kingdom.

During world war II research expenditures and activities went up phenomenally in all countries. Our expenditures in Canada for government research are at least ten times greater than in 1939, and a comparable expansion was experienced in the United States and United Kingdom. The result is that today our government expenditures and activities on scientific and industrial research are of a very different order of magnitude than those of 1939. For instance, it is I think

interesting to note that in the matter of dollars and cents the Canadian government today is spending more than the total sum spent by the United States in 1938-39, and it will be recalled that the United States at that time had a high reputation in this field. Our current expenditures are likewise several times the total expenditures in Great Britain in the pre-war days, and no one would suggest that Great Britain at that time had negligible scientific research activities.

There is another comparison I think is interesting. While all countries have increased greatly their expenditures since 1939, the research expenditures of the Canadian government today for peacetime purposes are, on a per capita basis, of the same order of magnitude as the comparable expenditures in the United States and the United Kingdom. All of this, I think, indicates the Canadian government has not been negligent in supporting sound research and in building up national research facilities and resources. Certainly in the over-all picture Canada's relative position in research is far different from what it was during the 1930's. I think, therefore that, when listening to speeches which purport to show the lack of Canadian relative efforts in the field of research, we must be careful to inquire whether we are discussing the conditions as they were in pre-war days or as they are today. While we are on this point I should like to emphasize that, since the end of world war II, the progress in research in Canada has been even greater than it was during the war, so that one may even be talking about conditions as they were in 1946 and still be drawing erroneous conclusions as to what the 1954 conditions are.

I should like also to emphasize that research is not a static thing. It is continually changing to meet changing conditions and also, like an organism, must grow from small beginnings. The development of research is not merely a matter of money. Money will not buy trained men if they are not available, so that in looking at and assessing the growth and development of research in any country, one must always keep in mind that it is a changing picture and that it is often impossible to provide at any moment everything that may be desirable.

I do not think there is any room for complacency in this particular field. As I have said, it is a rapidly moving one, and no sensible person would dogmatically claim that at any time, in any country, at any place there is in existence a universally acceptable and permanently best arrangement of research facilities. On the other hand, I do feel that the advances made in Canada over the past twenty years have been absolutely first-rate. I think the research council has done an extraordinarily good job and when I talk to people in other countries of the world, as I often do, I hear nothing but commendation for the work of that body. I have heard many say how much they wish their own national organizations were more similar to ours. The credit for all of this does not rest with any one government, any one individual, or any one institution; support has come from all parts of the country, from industry, governments, universities, and provincial institutions. But I do claim that this government merits a fair show of credit for guiding affairs during the period of the greatest growth and development.

I should like at this time and in passing to pay my personal tribute to the members of the honorary council. These gentlemen receive very little public recognition, yet over the years successive councils have rendered outstanding and unselfish service to this country. These men bring freely to the council deliberations their talents, experience and achievements that could not be purchased by money. They come to Ottawa three or four times a year and devote many days of hard work to the business of the council. They are men eminent in their fields, such as university presidents, deans, professors, industrialists, engineers and labour leaders. Not only can they speak with authority on professional questions but they bring to the council as well the viewpoints of the different parts of the country, and they receive no monetary remuneration at all. I think these gentlemen deserve the gratitude of this house and of our country.

I have been dealing with a few of the broader aspects of industrial research and have submitted certain generalizations. I should now like to take a few minutes to indicate how these general considerations have influenced government programs and decisions. As I have said, owing to conditions which I suggest were perfectly normal at that time, there was no appreciable growth of industrial research laboratories in Canada following world war I. The government of that day and successive governments, realizing the need for research, set about doing something which time has proven to be very wise. Without laboratories and without scientific staffs, the first national research council embarked after 1918 upon a program of scholarships to trained research personnel, and grants-in-aid to research which enabled universities across Canada to provide facilities for research. This program naturally was small at the start as there were few scholars applying, and the facilities in our graduate schools

were limited. However, this program has gone on and on, increasing in size and effectiveness, since that time, and it was perhaps the major factor in making possible our scientific effort in world war II. In 1939-40 when the great need and demand for military research became apparent, we in Canada were able to organize for the first time a sizeable corps of competent research people, and we had also a large national research laboratory which enabled the research council to provide working facilities for a staff of several thousand which they were able to recruit. Had such trained people and government facilities not been available, Canada would have played little part in military research during world war II.

But great as was the significance in war, the results of those long-term preparations are even more significant today in our peaceful pursuits. We now see in Canada a great surge of industrial research activity, not only in our government laboratories but in our private industries and in our universities. Such developments take time, and ours has followed a slightly different course from that followed in the United Kingdom and the United States.

The strength of a modern industrial nation is dependent on the quality, quantity and vigour of its applied research rather than on any detailed organization chart and, as I have suggested, it is not really useful to compare the general research organizational plane of any one country at any one time with that of another. We should rather consider our ultimate objectives, what progress we are making, and what the picture will look like in 10 or 15 years.

I think that Canada has probably made greater relative progress than has any other country in the last 10 years. I think our scientific and industrial research output is comparable, on a population basis, to that of other leading industrial trading nations. I have no desire to be complacent about the present situation, but I think we are heading in the right way, and I think we are making rather unusual progress.

I should like to say something about the way the national research council operates in fulfilling its responsibilities. As I have said, the national research council for the past 25 years has been awarding scholarships to assist in the training of scientists and has been making grants-in-aid to provide physical facilities. This program has expanded, and today between $1 million and $2 million are being spent, as compared with something less than $100,000 in 1939. My information, and I think it is reliable, is that the honorary council, who recommend all such scholarships and awards, would unanimously subscribe to the principle that no brilliant young student should be prevented from receiving training by lack of scholarships or grants. The national research council, as you know, also operates extensive laboratories, and these laboratories were designed not to duplicate or overlap other facilities but to provide facilities in fields which were not covered in any other place in Canada, and which were needed badly. No doubt you are familiar with the general work of the divisions of applied chemistry, applied biology, radio and engineering, physics, mechanical engineering, building research and so forth.

Most of the council's laboratories are in Ottawa and vicinity. While some might argue for the decentralization of all laboratories, I think it will be found that in those countries where extreme decentralization has either been inherited or superimposed for political reasons there are serious disadvantages. The centralization of facilities makes for greater efficiency and reduces costs, and does, in my opinion, carry no disadvantage to any other part of the country. This policy, however, does not mean that where certain areas have a peculiar interest in certain aspects laboratories dealing with those projects should not be located regionally. The council therefore has a regional laboratory in Saskatoon, in the middle of the prairie provinces, which works on the utilization of farm crops and allied problems. Again, in Nova Scotia there is another regional laboratory which has been set up to deal with some of the problems that are peculiar to the maritime provinces.

I come now to the manner in which the council serves individuals and private industries. You will recall that the organization of the former department of reconstruction made provisions for setting up a research and development division in an attempt to bring the benefits of scientific and industrial research to those smaller industries which could not afford to set up their own research laboratories. We worked out a service called the technical information service and placed, in the various provinces, field men whose duties were to visit and call on all industries in their respective areas and to assist with the problems they had and give what aid we could. The research council, with its extensive headquarters information and library services, undertook the administration of this service. Over the years literally thousands of reports have been made, advice has been given, and help offered. There is no doubt that such service is of great benefit to industry.

As experience was gained, the national research council felt that this "grass roots"

work, where individuals were approaching local industrial companies, could be better done by people with local associations than by employees of a federal department. Again, provincial research councils in most provinces were also supporting work of this nature, and friendly discussions between the national and provincial bodies resulted in the suggestion that it would be more effective if the provincial bodies employed all field workers, who would be provincial employees but who would have available to them the library and consulting services that exist at the headquarters' library in Ottawa.

The national research council also offered to make grants to the provincial bodies to cover the expense of such professional officers. I am happy to say that the movement has grown, and today this system is operating in most of the provinces from British Columbia to Nova Scotia. This system makes available to small industries and large industries as well the help, advice and experience of council and all other scientific laboratories in Canada. It is a service that is effective and widely used.

The research council has also organized many associate research committees. These committees are set up to support and deal with research problems that are of interest to many industries. Corrosion is an excellent example of a problem which is basic to most industrial and other activities. On such committees, and there are many, will be found research directors and technical officers of industries, universities and government departments, all of whom are intimately associated with the activities of industries throughout the dominion. From time to time suggestions are made that we in Canada should follow what is called the research association scheme which has been reasonably satisfactory in England. Research council officers have visited England many times to investigate this system, and while most officers at first felt such a system might work well in Canada, all responsible authorities came eventually to the same conclusion, that such research associations, while workable in England, are, except in certain fields, not suitable to the present Canadian situation, and for a different set of reasons the same conclusion has been reached in the United States.

There would, of course, seem to be obvious advantages in bringing together many industries in the same field for the purpose of research and development. In Canada there is one excellent example of such an association, namely, the pulp and paper association, which is supported jointly by industry,

McGill University and the dominion government. The results in this case, I think everyone agrees, are excellent, but it has been almost impossible to extend this type of co-operation through other groups in Canada. I am not going to take up more time on this point, but I should like to say that while this scheme of co-operative research works with reasonable satisfaction in the United Kingdom it does not seem to suit the Canadian picture at the present time. On the other hand, the national research council laboratories and the laboratories of the Department of Mines and Technical Surveys and other federal bodies do have a very intimate and close contact with individual industries which I think is an advantage found only in smaller countries.

The research council laboratories are visited daily by technical engineers and scientific officers from industry, and our national research council experts are willing and anxious to visit industries for the purpose of conferring and consulting on problems and giving expert advice whenever it is wanted. The national research council also undertakes, by contract, work for private industries, and over the years many profitable co-operative ventures have been completed.

All in all our government laboratories are far more closely in contact with the industries of the country than a superficial examination of organization charts would indicate. The national research council is not a bureaucratic institution interested only in its own laboratories and its affairs in Ottawa. It has most intimate contacts with bodies all over the country. It supports financially the provincial research councils and universities. It gives service to private industry and undertakes work when requested.

The honorary council which directs the over-all policy is made up of 18 men who reflect comprehensively the over-all problems in various regions of Canada. To illustrate: On the present council we have the directors of two of the provincial research councils, and in that way the research council is intimately acquainted with the problems of these local bodies. We also have one of Canada's leading industrialists who takes an active part in the deliberations and presents the needs and responsibilities of industry. As well, there are university presidents, deans and other scientists.

I have indicated that in pre-war days there was not very much research activity in industry. That is far from the truth today. As a result of the developments I have indicated, many industries in Canada have established research laboratories since 1939, and in many

cases staffs for those laboratories have been recruited from government laboratories.

A large part of the research that made possible the building of the plant of the Polymer Corporation was carried out in the national research laboratories. Today Polymer has its own laboratories, at Sarnia, built for its own particular purposes. We all know that applied research is one of the basic strengths of that company, and that research is responsible for the fact that Polymer has had its best year during the period when the cost of natural rubber has been abnormally low. The Polymer Corporation does not regard research as something that should be carried out in good years and cut back in poor years, but rather as essential if Polymer is to hold its place in a highly competitive industry.

The atomic energy plant at Chalk River is essentially a research laboratory, the work being entirely devoted to solving the problems of peace. The success of the Canadian aircraft industry is also based on its own applied research.

Today the position as far as industrial research laboratories are concerned is very different from the situation, say, in 1939. We have every confidence that in the next five or ten years the facilities for scientific and industrial research will build up gradually and continue to build up to a point where they will be comparable to similar facilities in other countries.

In conclusion, Mr. Speaker, I would like to say that while we do not feel that research development in Canada has reached its final and permanent form, we do feel that progress is being made in the only way in which sound scientific progress can be made. We feel that the government research organizations are co-operating with industry as effectively as research laboratories are co-operating in other parts of the world. We feel that any suggestion that our facilities should be broken up and distributed to other parts of the country is neither based on an intimate knowledge of our existing conditions, nor would it be supported by knowledgeable scientists and experts.

I have dealt with this subject in some detail, but it seems to me that, as we are amending an act under which one of the most important scientific bodies in Canada operates, it is appropriate that we should take an over-all look at the way scientific and industrial research has developed in Canada, and consider in general terms any suggestions for its improvement.

I would also like to thank the members of parliament who have served on past committees to review the activities of the national research council and the atomic energy establishment. While we naturally may disagree on details, I think it is to the credit of this house that the important activities of scientific and industrial research, so basic to our national well-being, have never been viewed on a narrow or party basis, but rather on broad national grounds.

Mr. Speaker: Order. When I read the motion for second reading of this bill, I considered it to be a motion for the second reading of a simple amending bill that did not provide as much scope as the minister has covered. I did not want to interrupt the minister while he was making his statement, witnessing the attention that he was receiving from hon. members.

As hon. members know, the Speaker may call a member to order or hon. members may rise to a point of order. At this moment I ought to say that this amending bill covers only a few points, and it might be that during the day there was a tacit understanding that a general discussion concerning the activities of the research council would take place on the second reading of this amending bill. I want to be fair to all hon. members. It may be that hon. members, not knowing the discussion would cover as much territory, have come here tonight merely to discuss a simple amending bill and are not prepared to discuss the activities of the national research council as fully as the minister has done.

It would have been preferable in my view to have heard the speech just made by the minister on items 289 and 290 of the estimates in committee of supply. The position is that a statement covering all the activities of the national research council has been made on the motion for second reading of a simple amending bill. If hon. members wish, therefore, I shall have to allow a wide open debate on the national research council activities.

Mr. Green: May I point out to Your Honour that this bill is very far-reaching. I refer particularly to clause 3, which contains the new provision and reads as follows:

(c) to undertake, assist or promote scientific and industrial research, including, without restricting the generality of the foregoing, . . .

Now, that gives a very wide power to the research council. I submit to Your Honour that the minister was quite right in making the comprehensive statement that he has made. Since he has done so, I submit other

members of the house should be permitted to deal with the subject in the same way as the minister has done.

Mr. Speaker: Yes.

Mr. Green: This is a question in which many of the members of the house are vitally interested. I do hope Your Honour will not prevent an adequate debate by trying to rule out any attempt to discuss the wide aspects of this research program.

Mr. Howe (Port Arthur): If I may speak to the point of order, I would suggest there is a great deal of interest in the house in research. There was some discussion between the hon. member and myself about a committee on research. I feel that this debate would be the appropriate place to have any discussion that we may have on research, and I suggest it would suit hon. members if some latitude could be given so they could cover the whole problem. I hope it will not take too much time.

Mr. Coldwell: Did Your Honour not say you would allow the same latitude to other members of the house as to the minister? I take it there is no need to discuss the point of order.

Mr. Speaker: The hon. member for Vancouver-Quadra (Mr. Green) has missed the point I was trying to make. It is that, although normally this discussion should be restricted to the principle of the amendments contained in the bill, because of the wide statement made by the minister, I shall allow what to me is abnormal, a general discussion as wide as that which is called for by the statement made by the minister.

The other point I was making is that if hon. members of the opposition, for instance, or on the government side, are not prepared to discuss research activities as fully as the minister did in opening the discussion, I feel they would have a right to raise a point of order. They could say, "We did not come prepared to discuss all the activities of the research council because we did not expect this amending bill provided the scope for such a wide discussion." That is the other point I was trying to adduce. It is in line, I believe, with the spirit of the rule to the effect that members should not be caught by surprise when they are called upon to discuss a measure in this house. Since there is general agreement as to the wide discussion which is to take place, I shall be pleased to resume my seat and listen to the discussion.

Mr. Pouliot: In listening to the minister, Mr. Speaker, for whom I have deep admiration, I must say that very few men can speak as he has done of personal accomplishments.

[Mr. Green.]

Mr. Speaker: Order.

Mr. Pouliot: He has done so with modesty.

Mr. Speaker: The hon. member for Temiscouata should not deviate from the point at issue. I think the point has been well explained and discussed and it is now settled. The hon. member for Lambton West (Mr. Murphy).

Mr. Pouliot: I cannot understand it.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I am grateful for what the right hon. Minister of Trade and Commerce (Mr. Howe) said when he opened this discussion and mentioned that there was great interest in this particular subject. First I should like to say that I would be most ungrateful if I did not express my personal thanks and gratitude to the Minister of Citizenship and Immigration (Mr. Harris) for his courtesy and consideration in having this matter brought up at a time convenient to me.

In rising to speak to Bill No. 375, to amend the Research Council Act, I propose to submit an amendment. For this I offer no apology because, beneficial and necessary as this proposed bill may be, it comes as a pitiful effort by this or any other government to answer the crying need for action in order to accelerate research in this country.

I should like to say to you, Mr. Speaker, that it has been my good fortune to serve on a committee of our party dealing with resources and development which was under the chairmanship of our late distinguished member, Rodney Adamson, who then represented York West. In whatever contribution I make to this debate I should like to pay tribute to him for the part he has played in what I have to say.

At the outset of this session of parliament, almost six months ago, there was a resolution placed on the order paper recommending the establishment of an all-party committee of members to study the question of research in Canada and report what action, if any, should be taken to accelerate activities in this field.

The restriction on time allotted for consideration of private members' resolutions effectively excluded the opportunity for parliament to consider this important question.

While I have no desire to obstruct proposed amendments to the Research Council Act, and on the contrary welcome even this minor and belated recognition of the importance of this question by the government, I avail myself of this opportunity to again place before members of the house the

suggestion that parliament establish now a committee to review research activities as now carried out in Canada, and report its findings and make suggestions to parliament.

The importance of research and the part it must play in the development of this nation is only recently becoming recognized, and is certainly more widespread throughout the country than the government seems to recognize. If there is one national function the national parliament of this nation should perform, and perform now, it is to ascertain the best means possible whereby it may facilitate achieving, in the interest of the people it was elected to represent, the advantages and opportunities the application of scientific knowledge offers in the greater utilization of our resources and assured gainful employment of our people.

Until a few years ago, scientific research in Canada was a question left almost entirely to academic institutions. Today, scientific research, and even more important its practical application in the interest of the nation and its people, is more than the concern of educational institutions, governments, industry, agriculture and labour. It constitutes the hopes and conclusions of the ordinary man in the street, in his search for a better standard of living, security of employment and greater opportunities for members of his family than he himself enjoyed. These worthy objectives constitute, if they constitute anything, the objectives of good democratic government.

The press of the country, which by and large reflects public opinion with an amazing degree of accuracy, has for some time now directed public attention to the need for accelerated research in Canada. The Hamilton *Spectator*, back in May 1945, commenting editorially on this question, made this very realistic observation, and I quote:

> There are certain matters of first importance to the nation, theoretically known before the war, which have been demonstrated beyond all doubt during the last five years.
>
> One of these is the fact revealed by war that unemployment can be mastered.
>
> A second, scarcely less important, is the fact that the total output of all the labour of the country can be vastly increased and improved by the unstinted application of scientific thought and experiment. The industry and excellence of our scientists have been necessary to our salvation in war.
>
> It is now coming to be understood that they will be no less essential to our salvation in peace.

A former minister of finance in this country, and a great Canadian who not only served his country well in the legislative field, both provincially and federally, but whose ability and foresight was equally recognized in other spheres of activity in the building of this nation, the Hon. C. A. Dunning, recognized, and so stated in this House of Commons, the importance of research as a means of expanding our markets, both at home and abroad. In his budget message to the nation, delivered to this parliament on April 25, 1939, Mr. Dunning said, and again I quote:

> Can we not, in other fields, manufacturing, merchandising, transport and the service industries, apply new methods and modernize equipment in order to reduce costs, lower prices and thereby expand our markets both at home and abroad?
>
> Cannot we adopt new ideas developed during recent years in other countries, without waiting for branch plants or refugees with capital to bring them to us?
>
> Have our other industries explored at all fully the possibilities of research which have proved such a profitable investment in the nickel and the chemical industries?
>
> Have we fully explored the possibilities of processing our raw materials before exporting them?
>
> Have we sought out all the opportunities for the profitable investment of capital in new industries, particularly small industries?
>
> These are vital questions, Mr. Speaker, for Canada's future.

Today, Mr. Speaker, fifteen years later, those questions are just as vital for Canada's future. Mr. Dunning, when he made that warning to this parliament, and through it to the nation, and speaking as the fiscal director of the economy of the country, frankly admitted that he did not know all the answers. Nor do I, Mr. Speaker, as an ordinary member of this parliament, striving in my humble way to best serve the people I have the honour to represent.

However, I sincerely believe that in the best interest of this nation and its future, the responsibility rests, not alone on the government of the day, but on that greater authority, parliament itself, to undertake now a thorough study and review of the possibilities and opportunities accelerated research and its intelligent widespread application affords this nation at this very time in our economic development.

I am confident that no responsible person representing any branch of government, or any segment of our economy, whether educational, industrial, labour or agriculture, professes to know the answer any more than the Hon. Mr. Dunning did fifteen years ago.

We do know, however, from experience over the past fifteen years, the almost unbelievable accomplishments achieved under the impetus of war.

Surely, in the light of this experience, and facing as we are today serious problems arising from lost export markets and increased competition from abroad in our domestic markets, swelling rolls of unemployment, which this past winter reached their post-war peak, and the vital necessity of maintaining a high level of economic activity if we are to carry the heavy load of taxation

which defence and necessary social services make mandatory—this parliament is warranted, if not obligated, to authorize a committee of its members to study in co-operation with the best minds that industry, agriculture, labour and educational institutions can provide, the advisability of accelerated research and its application in the Canadian economy and recommend to this parliament at its next session how this can best be accomplished.

When one considers the lack of initiative by the government on the question of research in relation to the tempo of development of this nation, several questions come to mind that should be a matter of concern to this parliament:

1. Are we doing enough in the way of research in this country, in view of the vast and varied natural resources now known to exist in commercial quantities in Canada?

2. Are our universities in a position to continue to provide the trained scientific minds and undertake the fundamental research necessary to assure the continued development and productive expansion of this country?

3. Would accelerated efforts in the field of industrial research, resulting in new products, new uses for old products, improved techniques that lower production costs, enhance or help us, an exporting nation in ever-increasingly competitive world markets?

4. Are our present fiscal policies, in relation to research expenditures, adequate to induce private industry to undertake the amount of research that should be undertaken other than by government agencies, if we are to continue to enjoy a high level of capital investment so essential to high employment and general prosperity in this country?

5. Does the government do enough in the way of agricultural, medical and other research, in fields where this can best be accomplished by the state in the common interest of all its citizens?

6. How does the degree and extent of research in this country compare with comparable efforts in the United States, the United Kingdom and other countries with whom our primary and secondary producers must compete in export markets?

7. Is the national research council, efficient and beneficial and all as this council is, the right type of organization to accelerate research, particularly applied research in Canada, or should there be some additional organization more representative of the different units of the Canadian economy?

These are questions of vital importance to the future economic and social welfare of this nation. The most accurate information available relative to these questions should be made available to the representatives of the Canadian people, and for this reason I believe parliament should authorize a committee of its members to review all aspects of research in Canada, as now provided for, and make recommendations to parliament as to what, if anything, should be done to accelerate efforts in this regard.

In the United Kingdom there exists a continuing parliamentary and scientific committee that deals primarily with questions related to research in that nation. The membership of this committee in the United Kingdom is composed of members representative of both houses of parliament, and in addition, one representative each from recognized scientific societies, research associations and other scientific and technical bodies.

This committee meets regularly in a House of Commons committee room to discuss subjects on which there is some legislation or other parliamentary interest. In the past, this committee has studied and made recommendations on such matters as: 1. A national fuel policy; 2. scientific agriculture; 3. development of underdeveloped countries; 4. technical assistance policy; 5. scientific relations with other countries.

Over a period of years, the committee has provided the medium for a large exchange of views between scientific people and parliamentarians. In Britain, the committee on research, representative as it is of all political parties, has earned for itself a voice in public affairs and has had considerable influence on political thinking in that country.

I think the record of the scientific and parliamentary committee in the United Kingdom conclusively proves that such a medium is capable of forming a real and effective connection between scientists and parliamentarians, something which is sorely lacking in this country.

I believe that a committee of the type that exists in the United Kingdom could serve a very useful purpose in this country, particularly in view of the tremendous challenge facing not only those qualified in the field of research, but as well those Canadians who, by virtue of their vocation, assume the responsibility to assure this nation of a continuing supply of scientifically-trained personnel to develop this country.

Just recently, a leading British scientist, Sir Robert Watson-Watt, speaking to the professional institute of the public service of Canada, expressed the view that there was a very positive and definite need for better understanding between government and scientists

in Canada. This eminent British scientist, who pioneered the development of radar, no doubt speaking from years of experience in the scientific field and its application to the economic life of a country, strongly urged consideration of the establishment of a top-level council of parliamentarians and leading scientists to help guide the development of Canada's unlimited potentials.

Commenting on the need for such a committee in Canada, this scientist, who himself was once a consultant to the Department of Defence Production and other branches of the Canadian government, had this to say:

> Of all the great powers Canada most needs best use of her limited numbers in developing her unlimited potentials.

As a means of achieving this objective, a council of top-rating governmental and scientific minds was suggested. Such an advisory council on scientific policy in Canada could advise the government on the whole civilian field of scientific endeavour, and whether or not the various spheres of research were adequate.

Scientific and industrial research, agricultural research, research on natural resources, would all be co-ordinated in this one advisory council, which is not the case in Canada today. In the United States the president just recently directed the national science foundation to survey federal research and development programs in that nation, where today that government spends over two billion dollars a year on research.

The purpose of the survey is to co-ordinate efforts in research with a view to accelerating activities in this field. In the United States the dependence upon and importance of science to maintain the military and industrial position of that nation has been realized by the government. The national science foundation in the United States was created in 1950, about the time the United Kingdom and other countries were amending their legislation regarding research, with a view of action to enhance the competitive position of their respective countries in anticipated competitive world markets.

In the words of the act, which established this national science foundation, the purpose was:

> To develop and encourage the pursuit of a national policy for the promotion of basic research and education in the sciences.

Last year, the national science foundation completed plans for a survey of the nation's effort in research and development. This was motivated by the fact that preliminary surveys fairly clearly indicated that basic research, the very backbone of technological development in that country, has not been adequately supported.

Surely, Mr. Speaker, when such nations as the United Kingdom and the United States, both of whom are more advanced in their stage of development than Canada, find it advisable and necessary to take governmental action to co-ordinate and accelerate research in their respective countries, we in this parliament should seriously consider the establishment of a non-partisan parliamentary committee to study research in this country and what action we also should be undertaking if we too hope to develop as a nation and continue to compete in ever-increasingly competitive world markets.

It matters not which side of the house or from what party the suggestion for a committee comes. The important question is the authorization by this parliament, now, of a committee of its members, empowered to thoroughly study all aspects of research in this country and recommend to parliament what action this nation should be undertaking at this time. When we realize what has been done elsewhere, this country can do no less.

In Canada, we have our national research council and our scientific and research branches of health and agriculture. In my opinion, these branches of government have done and are today doing excellent work in their respective fields. However, much of the time of the national research council has, for the past decade, been taken up with matters of defence, made necessary by the fact that we were, during these years, either actually at war or building up our defences against possible aggression.

Agricultural research in Canada is concerned largely with the practical problems of agriculture, and in this regard contributes greatly to this industry. Research, however, viewed as a specific program of finding wider outlets for agricultural products, is not a primary function of existing agricultural services in Canada. Agricultural research in Canada has never been designed, planned or provided for on a long-term basis, to widen the field of edible and inedible uses of agricultural products.

While the interdependence of agriculture and industry is recognized, it cannot be said this was the motivating factor in undertaking agricultural research.

As our industrialization expands, the demands for industrial raw materials expand. Much of this can come from agricultural production.

Today, research in Canada should encompass work in the field of greater uses for agricultural products. Individual farm units cannot be expected to make expenditures

on research, even though they stand to benefit materially from research efforts on their behalf.

In the United States last year, research in this regard resulted in more than $1·5 billion worth of farm raw materials being purchased by chemurgic industries. Much of this was previously classed as waste material because prior to the necessary research work being undertaken we lacked the knowledge of how to utilize this waste material or other by-products.

True, this did not solve the question of surplus farm production in the United States, but it has gone a long way to provide convincing evidence that research, resulting in new uses and new crops, offers a sound approach to this problem.

The agricultural industry in this country, given the opportunity that accelerated research can surely provide, is equally competent to explore whatever agricultural frontiers appear to offer promise.

With agricultural surpluses accumulating in this country, and our export markets threatened by accumulated surplus production elsewhere, I sincerely believe it is to the advantage of the agricultural industry of this country, and through it the nation as a whole, that a committee, as proposed by this resolution and my amendment thereto, study the possibilities of research in this field.

In the field of industrial research there is much that can and should be undertaken, not under any form of state subsidy, but rather by industry itself under the inducement of revised fiscal policies designed to encourage and accelerate research as a means to assure a continuing high level of employment and capital investment in Canada.

Research is a principal factor in the discovery of new products, the production of which creates capital expenditures and employment for our people. Research creates new wealth, which in turn broadens the basis upon which to carry our heavy burden of taxation.

Research advances production techniques, which in turn result in new modern products at lower costs of production. This enhances our ability to compete with imports in our domestic markets and the products of other countries in competitive world markets.

The extent and direction of industrial research has, by its very nature, been directly related to the economic situation in this country. It was only natural that during our pioneer stage of development research efforts were largely confined to primary industries, agriculture, mining, forestry, and to a more limited extent, fisheries. It is a natural evolution that, as this country develops, the importance of research in secondary industries should become more apparent.

In Canada, this pattern of development of research facilities has been directly affected by the large number of branch plants located in this country, who obtained their information from their parent organizations in other countries.

For years, it was a case of the parent carrying out research, leaving the Canadian subsidiary to produce the rubber stamp copies of designs perfected in the United States or the United Kingdom.

The Massey report clearly indicates the extent to which this happened, when it points out that of 12,000 patents issued in Canada in a recent year, over 11,000 of these were the work of scientists and inventors in other countries. While this report points up the need to encourage our industries to undertake greater research, adequate action has not yet been taken towards meeting this recommendation. Until the last few years, nearly everything we used in this country was designed outside of Canada, or, at best, a copy of a foreign design.

Again, this was the result of the close co-operation between many Canadian, United States and British manufacturers, and in no small degree due to the influence of American advertising contained in the multitude of American magazines distributed throughout Canada.

Today, however, we are forced to recognize a new phase in Canadian history. We are beginning to grow up in spite of ourselves. We are beginning to realize that the belief that research in Canada must, of necessity, be on an essentially low level is just not good enough.

Two world wars have contributed much to the industrialization of this nation. Under a wartime economy it was not difficult to keep our factories running, our people gainfully employed and retain our position as the fourth largest trading nation in the world.

Today, however, with war-devastated countries back on their feet and fighting for world markets, we are facing ever-increasing competition in world trade. Today, the words "Made in Canada" must be the hallmark of good value, must represent modern production designed and produced to meet the consumer demand of a modern-day world trade. We can no longer rest on our laurels or depend for our future economic welfare on a continuing high export of raw materials to sustain our economy.

Our products must be modern and of high quality. It is not good enough to say this is a challenge to labour and management to exercise restraint in wage and price demands, lest we price ourselves out of world markets. The Canadian people have achieved a standard of living that they are not prepared to sacrifice. To continue to compete in highly competitive export markets, so essential to our economy, entails a constant effort to lower costs of production.

In my opinion, this can best be achieved by governmental fiscal policies which offer inducements in the way of taxation reductions designed to encourage research in this country. To the extent that research can lower production costs, a widely recognized fact in other countries, Canadian exporters will be able to compete in highly competitive world markets.

It will also materially assist Canadian producers to compete in their domestic market against stiff competition from abroad, and is, in my view, an infinitely better solution than a return to the outmoded practice of increasing tariff barriers to world trade.

In this country, at this very moment, we are facing the danger of swelling rolls of unemployment, a vivid memory to many who lived through the early thirties. If we are to avoid widespread unemployment in this country, we must maintain our economic growth. This cannot be done by exporting raw materials alone in their raw, unprocessed state.

Even now, lucrative, but in the long run costly as this policy has been, the end of the seller's market is in sight. Stockpiles of essential and strategic raw materials purchased from Canada are now commencing to accumulate in importing countries. Much of these raw materials have gone to the United States, but the stability of that export outlet for many of our raw materials is now in question.

As evidence of this fact, I draw to your attention the recent recommendations of the advisory board to the United States secretary of agriculture, where they recommend the exercising of authority by the C.C.C. to accept strategic materials in return for agricultural surpluses.

If this virtual barter policy becomes operative, this will materially reduce an already declining demand for raw materials from Canada. Certainly, we cannot accept agricultural surpluses in return for strategic raw materials, when we are presently confronted with the problem of finding export markets for similar surplus production in this country. We can hardly expect to maintain the economic growth of Canada on an already indicated decreasing demand for primary products.

The United States recognizes how essential it is to maintain economic growth in that country as a bulwark against unemployment. Accelerated research is an integral part of the solution they are presently endeavouring to work out.

In 1954, the United States proposes to spend over $4 billion on scientific and technological research, which will rapidly make many of their present industrial plants obsolete. This, in turn, will give rise to a high level of capital investment, which spells employment for their people.

We, too, are a world trading nation. Our economy is dependent, in no small degree, on our ability to compete in world markets. That competition will not be made easier by the visionary action in the field of research in the United States, with whose industrial might we must compete.

The adequacy of research carried out in Canada has been a matter of concern to provincial governments for some time. These governments are primarily interested in industrial uses of the natural resources of their respective provinces, because they are closer to the problem of improving and maintaining the living standards of their population.

The experience of the research council of Alberta clearly indicates the advantages of accelerated research. The following is a quotation from the report of the royal commission on provincial development and rehabilitation, 1944, volume I, part VII, page 10:

> The scientific members of the staff of the university were constantly receiving appeals for information concerning the possibility of the development of the so-called resources, to which it was impossible to furnish definite answers. Similar appeals were coming from the government of the province. The situation became intolerable. A beginning was made by forming a "Science Association" and a survey was undertaken to determine pressing problems. This resulted in a small booklet presenting to the government 36 problems concerning natural resources, all of major importance, for which no solutions were available in the then present state of knowledge. There were problems requiring solution before industrial development could possibly be instituted, and of which the National Research Council was not cognizant. In order that systematic work could be inaugurated, the association recommended the formation of a "Provincial Research Council" whose responsibility it would be to set up co-operative research on problems of local interest and especially to urge upon the national council those of large dimensions and of more general interest.

The record of development in Alberta today conclusively shows the advantage of accelerated research.

In 1943, the Dawson commission on development in Nova Scotia clearly recognized the need for accelerated research when it stressed the overwhelming need for more work in research, in order to keep up with the economic progress of the modern world.

This commission pointed out that before the war per capita expenditures in research in various countries were estimated as follows:

Russia	$1.80 to $3
United States	2.40
Great Britain	.70
Canada	.25

Again, as in Alberta, the Nova Scotia report strongly indicated the need for accelerated research.

In his brief to the Massey commission on research, Dr. J. W. T. Spinks of the University of Saskatchewan said:

> It is necessary to look ahead to the time when we shall be compelled to do more of our own research to keep up with developments in the industrial field. The importation of scientific ideas is bad for the intellectual development of a country—particularly when coupled with the export of scientific brains. In time of war it leaves the country in an extremely vulnerable position. In time of peace it weakens its competitive position with other nations. Today, research has a profound influence on our national welfare and security.

I draw these expressed opinions of experts from Alberta, Saskatchewan and Nova Scotia, on the importance of accelerated research, to the attention of this house with the question: Is it not time that a committee of this parliament was set up to review the possibilities of accelerated research in this country?

In suggesting a parliamentary committee to review research in Canada and recommend what action, if any, should be taken to co-ordinate and accelerate activities in this field, I recognize the progress already accomplished.

Achievements in the field of medical, agricultural, fundamental and, to a more limited degree, industrial research, warrant a justifiable feeling of pride in a nation as young as Canada.

Marquis wheat, insulin, and the cobalt bomb are but a few examples.

During the war years, Canadian scientists, in co-operation with government and industry, devised ways and means to provide substitute products or alternative sources of supply for raw materials essential to a successful prosecution of the war.

The great Polymer Corporation in my own constituency is a case in point, as was pointed out by the Minister of Trade and Commerce (Mr. Howe). I wish to reiterate what he emphasized and to quote from the report of that great industry. Its last annual report includes this particular statement:

> The research that Polymer has carried out to date has not only increased our revenue but has also enhanced our position in the rubber industry throughout the world. It is our firm belief that industry should not depend on public institutions for its research work. Research, when properly directed, pays handsomely. The expansion of industrial research in Canada is a necessity if we are to keep pace with other countries and utilize our natural resources to the full.

That view on this important question, Mr. Speaker, is from the annual report of one of the government's own corporations.

The production of liquid sulphur dioxide from smelter gases met the urgent demand from the pulp and paper industry when imports of sulphur were in short supply. This made it possible for the largest earner of foreign exchange to continue to operate at capacity when gold and U.S. dollars were so necessary to a sound Canadian economy.

But I would point out that these things were achieved under the stress of war, and at a time when urgency, in a sense, relegated costs to a matter of secondary importance.

Today, in what history may yet unfortunately record as but an interval between wars, we should be directing greater effort towards accelerated research in this nation.

Certainly this can be accomplished more efficiently and at considerably less cost in peacetime than under the urgency of war.

Certainly, as an exporting nation, facing ever-increasing competition both in our home markets and abroad, we should, as a parliament, direct greater attention to the possibilities research offers in improved techniques and lower costs of production.

The present limitations of our national effort in the field of research become only too apparent when one realizes that one single corporation on this continent, namely General Electric, provides more money for research in a year than do all branches of the government of Canada, excluding research for defence purposes.

It should also be a matter of vital concern to this parliament that other nations, anxious to enhance their position in competitive world markets, have seen fit to alter their fiscal policies to accelerate research as a means toward new and better products and reducing costs of production.

In the last British budget, presented to the parliament of that nation on the same day as the Canadian budget, the Hon. Mr. Butler,

Chancellor of the Exchequer, made this statement, which I quote from that speech as reported in the British *Hansard* of April 6, 1954, pages 224-225:

> I now wish to end as I began with our primary need; that is to improve our competitive power. Our rate of industrial modernization is strikingly less than that of America, and it seems probable that the Germans are now moving ahead of us. We shall not long continue to compete successfully in the export field with these our principal rivals, unless our plant and equipment is completely up to date.

Again I remind this house that we in Canada are an exporting nation, dependent upon export trade for approximately one-third of our gross national income.

We, too, have to compete against the United States, the United Kingdom, Germany and more recently, Japan, in competitive world markets.

The British Chancellor of the Exchequer in his budget speech, stated:

> The importance of scientific research to our economy can hardly be over-estimated.

To accelerate research in the United Kingdom there was included in the budget a new system of investment allowances of 20 per cent for agricultural buildings, and plant and buildings used for scientific research. This to be in addition to the full annual depreciation allowances.

I suggest that a parliamentary committee of this house should review our present fiscal policy with regard to research, and the relationship this bears to policies in other countries with which we have to compete in world markets.

Another matter I believe warrants the establishment of a parliamentary committee to study research activities in Canada has to do with greater co-ordination of our efforts in this field. Last November the Canadian Westinghouse Company did a great public service in organizing a "Canada's Tomorrow Conference", which was held at Quebec city and attended by over 300 leaders in Canadian industry, finance, education, government and other fields. One of the speakers at that conference was Dr. R. K. Stratford, scientific adviser to Imperial Oil Limited and president of the research council of Ontario. In that speech Dr. Stratford suggested the formation of a federal research council in Canada, designed to provide closer scientific co-ordination between federal and provincial research groups. Dr. Stratford also recommended the establishment of a reasonable number of small research units from coast to coast, on or near the campuses of universities, as a means to assist in keeping research costs to a minimum, and at the same time place Canada in the forefront of world science. For these reasons among others I feel, as a Canadian, that the time has now come—if it is not past due—for this nation to grow up scientifically, at least to a degree comparable to the already established estimate of our wealth in natural resources.

The industry and ingenuity of the Canadian people is more than adequate to meet this challenge. For years our universities have been training young men and young women to fit themselves to make a material contribution in the field of research. On graduation, many of these young Canadians have found it necessary to leave this country in search of gainful employment. That exodus of Canadian brains must be stopped by giving these young Canadians an opportunity to find gainful employment in Canada and make their contribution to this, the nation of their birth.

Our industrial potential is just beginning to become apparent, but it needs encouragement; it needs inducements to nurture its growth and development. What we have done in medical research, for example, insulin and the cobalt bomb, can be done in the industrial field. What our universities are doing today, even under severe financial handicaps, must now be extended to the industrial field so as to encourage greater processing of our raw resources in this country, as a means of providing employment for our people.

To longer ignore this necessary action is to doom Canadian workers to be hewers of wood and miners of metals to be processed at higher standards of living in a foreign land.

I have sufficient confidence in our democratic system of government, and our ingrained respect for our institution called parliament, to believe that a non-partisan committee of the house, delegated by parliament to study and report upon the possibilities and need for accelerated research in this country, can and will materially benefit the welfare of every Canadian.

I suggest that the tremendous development of our natural resources in the past decade challenges parliament today to pick up the cudgels laid down by those men of vision four decades ago, when they laid the basis for research in their day and age.

For reasons which I have stated, I move, seconded by the hon. member for Calgary South (Mr. Nickle):

> That Bill No. 375 be not now read the second time, but that the subject matter thereof be referred to a special select committee representative of all parties of this house with instructions that they have power to call witnesses and send for documents and papers for the purpose

especially of more effectively providing for the promotion and acceleration of research activities in Canada.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I did not come here tonight prepared to discuss the national research council, but I am very happy indeed that the minister gave such a comprehensive outline both of the genesis of the national research council and of its work. I think that it was good to have this information placed on the record tonight, and perhaps the minister took the opportunity of doing so because this bill is before us. May I say at the outset that the amendment to the motion for second reading of the bill comes, I think, at a very inopportune time. We are now approaching the end of the session. If a committee were set up it would be necessary for the officers of the national research council and the department to prepare the material and data that would have to be placed before such a committee for it to make a thorough investigation of the work of the council.

I would also say that the amendment orders that the subject matter of the bill be referred to the committee. I am in agreement with the Speaker when he said that the subject matter of the bill was fairly narrow, and I can see no good purpose in referring it to a parliamentary committee. I do think, however, that the hon. member is quite right in his plea for the appearance of the officers of the national research council before a parliamentary committee, but I suggest to him that at this stage of the session it would not be possible to make the necessary preparations and to have the kind of discussion that I think this subject warrants. Consequently I shall suggest to my colleagues that we should vote against the amendment moved by my hon. friend, although I want to make it perfectly clear that if it had been moved earlier in the session in time for the preparation of data we would have voted for it. To bring the national research council before a parliamentary committee would be a good thing not only for the council but for the members of the house.

I am one of those who appreciate the splendid work that this organization has done for Canada over the years. I do not think that the minister, the council, or, if I may say so, the government, need offer any apologies for the work of the national research council. As the minister has said tonight, when the council was set up years ago there was nothing worth while in the realm of scientific research in our country with the exception perhaps of the field of agriculture because our experimental farms, filling quite a different role and occupying a different field from the national research council, had already laid the foundations for the remarkable agricultural development which occurred, particularly in the prairie provinces. If you will allow me, Mr. Speaker, I should like to take this opportunity to say that the west owes a very great debt of gratitude to the men who worked on our experimental farms and produced the new varieties of wheat and other grains thus enabling our western farmers, in years when the season was short and when grains were affected by various plagues such as rust, to produce a crop and therefore to get some returns for their labour.

We had then some agricultural research on the experimental farms, but the minister is quite right that during the years from the end of the first great war until the outbreak of the second great war not too much was accomplished in the realm of industrial research although there were competent people on the national research council directing its activities. I should like to mention the name of General McNaughton, who gave distinguished service, and of course his successor, Dr. C. J. Mackenzie, of whom those of us from the province of Saskatchewan are very proud because of the contribution he made not only in building up the engineering department of the provincial university but also in his position as head of the national research organization at Ottawa. He made a contribution, particularly during the war years, for which I think this country should be ever grateful. Dr. Mackenzie has now retired, although his advice is still available and will be given freely. He has been succeeded by a scientist who, I believe, will also have the confidence of the house and of the country in the person of Dr. Steacie, and I am sure he will make a worth-while contribution in the days to come.

Tonight the minister outlined something of the contribution that the research organization had made to this country, particularly since the outbreak of the second world war. Those of us who know the part that radar played in the defence of Britain during the war are aware of the tremendous contribution made by the Canadian research council in the development of that very important instrument. But radar is perhaps even more important in peacetime than in wartime because of its long-term uses. I have had the opportunity, as other hon. members probably have, of crossing the ocean on a liner equipped with radar or, perhaps more significantly, of coming through the narrows off Vancouver island on a rainy and foggy night and being invited into the captain's quarters to see the radar in

actual operation. The feeling of confidence that instrument now gives to those who go down to the sea in ships is something that is really remarkable. Canada played a very important part in the development of that great scientific instrument.

Then, too, in the field of aeronautics the national research council has done a remarkable job. Much of the industrial development in the development of the Canadian aeroplane industry stems back to work that was done by the research council. Those of us who have been on the atomic energy committee more than once have seen the atomic pile at Chalk River and know the extent to which the young men and young women engaged there are the products of developments made effective through the activities of our universities, encouraged by the national research council. We know the contributions that have been made in that regard to the welfare of our country.

I am always happy to know that the young scientists, the products of our own universities, encouraged often by our own research council, who are engaged in the development of atomic energy, are engaged in that development not because they believe it is an instrument of war but because they believe it will be of great benefit to the people of Canada and the world in civil affairs in the future. One could go on discussing the services of the council in the field of applied physics, chemistry and so on, and refer to the fine group of young men and women who have been recruited from our Canadian universities and have been used in research in this country.

I should like to emphasize this point. If there is now considerable industrial research by private enterprise in this country, it has largely been promoted by the activities of the national research council. We must not forget, and I think the minister tonight indicated, that there was very little private industrial research before the second world war, or even during the war years when research in this country was led by this most significant national organization. The results of this research by this public organization have been available to industry, so that industry benefited from the expenditures we have authorized in this parliament. The products of industry have been improved because we, in the House of Commons and the Senate, have supplied funds for this particular purpose and have thus contributed to the development and to the profits of industry.

I want to say something to the minister that I have thought for a very long time. I believe that not only should we make available to private industry in this country the results of industrial scientific research, but we should make available those results to the consumers of this country, especially concerning the wares and articles that are offered for sale. Those of us who went over the national research council building two or three years ago will recall that we actually saw certain experiments that were made in connection with the laundering of clothes. We saw that after clothes had been washed with certain widely advertised products a certain number of times, the clothes were eaten away; they were destroyed. Why should not the consumer in Canada know that some of these widely advertised products, greatly puffed up, can cause serious damage to the articles that are used in our homes?

One such product that I remember well was advertised as "no rinsing required." If one did not rinse the clothes, one soon found there would not be very much of the clothes left to rinse. I know of other fields in which research has taken place relating to consumer products, and articles for sale in this country, the results of which should be given to the public of this country so that the public might be guided by those results. In the United States there is of course a co-operative organization—I shall not call it a private organization—headed by Professor Colston Warne of Amherst University, which publishes a monthly consumer's guide. People may read in that guide the results of research into products that are offered for sale to the public of the United States. We have not such an organization in this country. This country is not big enough to afford the facilities to do that kind of investigation. But we have a public organization in the national research council, an organization unlike anything they have in the United States and unlike anything they have in the United Kingdom. Since the public, including the consumers of Canada, are paying for the operation of this national research council, which is doing such a magnificent job for industry, let that council also do a similar job for the consumers of this country. Let the consumers know some of the results of the appraisals and investigations concerning products that are advertised from one end of this country to the other.

Then, too, the national research council has encouraged our universities in the realm of research, and has assisted the universities in educating and encouraging the young men to go into the fields of physics and chemistry, as well as many of these new fields that are associated with both physics and chemistry. This is a very valuable service to the country and to industry.

Contributing as we do to the Colombo plan, it is satisfactory to know that we have been

able to help the countries which are themselves encouraging new scientific research, by inviting some of the young scientists in those countries to come to our country to study, not only in our universities but at our national research council under the Colombo plan. I was interested in hearing in the external affairs committee that we have received over 400 young students in many of these fields into Canada under the Colombo plan, most of them for our universities, but some of them have been studying physics, chemistry and so on at our national research council in the city of Ottawa. That is one of the great contributions that we can make through the Colombo plan towards improving the standard of living in those countries that are just emerging from an underprivileged condition in the world.

I am not going to go exhaustively into the council's activities. I believe that in the realm of medicine the national research council is performing a very useful service to the country, as I believe the Minister of National Health and Welfare (Mr. Martin) knows. I believe that could be extended. We could perhaps extend that and go into research, and not only along the lines of cancer; for there are other dread diseases into which research should be encouraged. I am not going to mention them in particular but several of them will come to the minds of many of the members as well as to mine.

In a country like ours I think there is another field to which more attention should be given than has been given in the past, and I refer to housing. When we think of the rigours of our climate, the heat in the summer and the cold in winter, we must realize that our housing is still inadequate to meet our needs. A great deal of research could be done in connection with insulation and the types of buildings best suited to our climate and so on. I repeat that much more could be done in that field. I am not unaware of the fact that something has been done, that some investigation has been carried on, but I think more could be done.

The hon. gentleman a few minutes ago referred to the utilization of waste products of all description, waste from our lumber and other mills, the utilization of poorer grades of lumber and timber. Research could be carried on in connection with these and other resources such as coal so that we might not only develop our natural resources but use them more scientifically and economically.

I do not want to speak at any greater length except to say that I believe that more and more scientific research will be relied on to develop industry and to promote the welfare of mankind. I think that any appropriation we make to assist the development of the national research council, to make it more efficient, to make its operations more widespread will be money well spent. We are spending a great deal of money for defence, and that is all very well under the conditions that exist in the world today. We have to spend great sums of money for defence, but I believe that if we think in terms of our domestic economy—not in a world-wide sense—what we spend on research will be in the defence of the Canadian standard of living, in the defence of Canada's welfare in the days to come. I know that I would be prepared to support a much larger appropriation for the national research council in order to encourage in every way its development and enlargement in the sphere in which it operates at the present time.

As I said at the outset of my remarks, I think the amendment moved by the hon. member is inopportune. It is too late in the session. The subject matter of the bill is too narrow to refer to a committee. But I would like to say to the minister and to the government that when parliament next meets we should have a committee again. I think it is three years—I may be wrong and it may be only two years—since we had a committee looking into the operations of the national research council. Since that time we have had a committee on atomic energy, but I would suggest to the government and to the minister that early in the next session a committee be constituted to review once again the work of the national research council. If that is done I am quite sure that when the committee comes to report its findings to the house in connection with the council we shall find, as we did before, that we have a remarkably efficient and praiseworthy organization operating in the field of scientific research on behalf of the people of Canada.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, the leader of the C.C.F. has suggested that he is not ready to support this amendment because of the lateness of the session. I take objection to that. We are here to do the nation's business and, no matter how late it may be in the session, if a committee is necessary we should set it up and get the work done as it should be done.

Mr. Coldwell: You have to let the research council prepare for the committee.

Mr. Hahn: I am quite aware of that. I feel sure that we should go ahead and make preparations for that committee. The scope of this bill is quite large. I would say that the necessity for a research council is probably

more apparent to the nation today than it has been at any other time in our history. It is true, as the minister has pointed out, that the work of the research council was accelerated during the times of war. I believe the same thing could be done today.

I am one of those who did not come prepared to speak at great length on this particular subject because I felt that as the bill was a short one it would not require too much debate. However, sometimes one feels that if things are to be said there is a time when they should be said, and probably I had better say what I have in mind at this time.

There are certain aspects of our economy which should be given particular consideration in the way of research. I refer to the conservation of our soil, agriculture, mining, fisheries, forests, water conservation and many others. We are faced with the fundamental problem of the conservation of our soil. As an illustration, our research council might investigate the utilization of waste wood products in British Columbia in the conservation of the water content in our soil.

In recent years we have made great use of fertilizers and this has come about directly as a result of the work of the research council. The research council brought into being the wonderful Marquis wheat and many other rust-resistant grains.

If there was no other problem requiring the setting up of a research council or a committee, I would say that the coal problem as it affects Nova Scotia and Alberta would be sufficient to keep the research council going for a long while. In the railway and shipping committee the president of the Canadian National Railways was asked the tonnage of Alberta coal that his company expected to use. He indicated to us that this was going to drop from approximately 790,000 tons this year to approximately 400,000. The dieselization of engines on the Canadian National Railways will most likely mean that in the near future the remaining 400,000 tons will not be used.

We are going to have a tremendous coal field on our hands, not just in Alberta but also in Nova Scotia and, as was pointed out, probably in British Columbia around Nanaimo. Even with the advent of science we have not learned how to utilize these products which are left over at the present time. It is necessary that a committee be set up to study every aspect of this particular problem.

There are many different fundamental factors involved and I for one would be quite willing to stay here a few extra weeks if a committee were set up to study this problem and do a real job in the utilization of our wastes, in connection with our conservation problems and other matters.

During the latter part of last week we had the privilege of hearing the Minister of Fisheries (Mr. Sinclair) indicate how necessary he found research in his own particular field. He used the example of goldfish, but I am not going to discuss that at this moment. He indicated the need for a research council to study the spawning of salmon, to aid them in getting up the higher falls, and to discover the speed of various species of fish. He indicated the particular need that such a research council would fill. Mining is a business of wasting assets today. To put it another way, and it means much more, mining wastes much of our assets today. We have so many by-products in the minerals of British Columbia and in the great fields of Ontario and Quebec and in the various provinces which we do not use. We call them waste material. If we could find a proper use for those particular wastes I am sure that we would have no difficulty in reducing the price of our commodities to the point where the public would find them much cheaper, and they would be much happier to accept them.

I would say that the value of by-products has a direct effect upon the price of the main product manufactured. In my own province we have found that the discovery of minerals is important. To illustrate the work that a research council might do I should like to read from the sixth British Columbia natural resources conference for the year 1953 on page 79, in which William H. White, associate professor of geology of the University of British Columbia, had this to say:

> Another tool, long known, but only recently applied to mineral exploration, is a method of investigating the minute metal content of plants, soil, and water. Plants growing on mineral deposits, and the concealing soil in which they grow, and surface waters draining mineralized areas, may contain abnormal amounts of metals such as copper and zinc. Methods now in use will detect one part per million of copper or zinc in plants or soils, and as little as one part per billion in water. Tap-water by comparison is a concentrated solution of zinc. These methods are as yet imperfect and the interpretation of results is not well understood. In the United States geological survey the investigation of geochemical and biochemical techniques is an important project to which large funds are allotted; in Canada practically the only research of this sort is done in the department of geology and geography at the university of British Columbia.

I feel, and I am sure many hon. members must also feel, that if it is important that a province such as British Columbia should set up a research department to study the particular needs in the geological and geophysical field, then certainly we should have a

national body which would do likewise. I am sure that each member of the group of which I am representative would only too heartily support the setting up of a committee at this time to determine the scope of study of this research council work.

Take the matter of forests. That field is itself of tremendous importance to Canada. Much of Canada's surface is covered by natural forest regions. During the war years we learned to make use of practically every portion of our wood products that it was possible to use. We have tried to do away with unnecessary waste. We feel that a wasted product represents a wasted dollar. Forest products are a subject that should be given every study. The price of Canada's forest products, the paper that we get from those forests and other substances that can be produced have a value related to all our forest industry. I would go so far as to say that the large paper companies, the large firms having to do with paper products, and many other industrial plants which use the industry of forestry, have done their share in trying to set up a research council and to make use of every bit of their products so that they could keep the costs down. That factor in itself is well worth recognizing.

It is not so many years ago that we did not have such a thing as the various types of plywood that we have today. We did not have the many types of nylon and other wood products that we have today. We could carry on a careful study of our forestry through a research council, and I am sure that by so doing we would soon find that we could bring our wood and wood products into a world that would soon purchase them all, and be only too happy to get them. We would not have such a thing as a product we could not sell.

If those surpluses of which we speak so frequently that we have no actual use for at the moment because we cannot find a market for them, such as wheat, were turned into another product by means of research, we might have the answer to the question of disposition of our surpluses. I do not believe that we have a surplus of wheat. It is considered as such by many in the dominion today, and as long as it is not being used, but left in the fields to spoil, it will eventually become a waste. We must guard against this waste because the world is starving today for these things. I would say that Germany illustrated during the war something that we should take a lesson from. She showed us that it is simple, if you set up a research council and use your scientific ingenuity, of which Canada has such an abundance, to make use of products. She had no trouble turning her coal into various synthetic products when the need was there. She went ahead and set her scientists to work on this research, and they did something about it. I am sure, Mr. Speaker, that if we were to set up a research council to study carefully the problems on which we feel we should spend money, if we got some of these young men and women who have marched south into the United States because they could get more there for their research work than in Canada, we would accomplish a great deal. They want to be Canadians. They have been Canadians; they are Canadians, but they are living under a strange flag. Invite them back to Canada, and let us make use of the knowledge which we imparted to them.

From time to time many of our universities indicate that the scholarships that the Canadian universities or the institutes in Canada offer are not of sufficient amount to keep these young men and women interested in the Canadian field. I am sure that if we were to make a study of the efforts of the Northwestern University, of Columbia, of Yale, or of any one of these particular institutes of learning, we would find that many of our best Canadian youth, the scientists that Canada taught and made, are there today.

Since it is ten o'clock, Mr. Speaker, I would move the adjournment of the debate.

Mr. Speaker: I see that an amendment was moved by the hon. member for Lambton West (Mr. Murphy). It reads as follows:

> That Bill No. 375 be not now read the second time, but that the subject matter thereof be referred to a special select committee representative of all parties of this house with instructions that they have power to call witnesses and send for documents and papers for the purpose especially of more effectively providing for the promotion and acceleration of research activities in Canada.

As one reads this amendment he cannot help but remember a notice of motion which stood in the name of the hon. member in the month of January, and I now read from the order paper of Wednesday, January 13:

> That, in the opinion of this house, the government should consider the advisability of setting up a special committee representative of all parties, with the power to call witnesses and send for documents and papers for the purpose of examining and reporting upon the advisability of providing inducements to promote and accelerate activities in the field of research.

Now, the hon. member should consider at this time standing order 45, which states:

> Forty-eight hours notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper;

Now, the hon. member probably had in mind citation 657, which states:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

I would draw the hon. member's attention to the following words:

> . . . or seeking further information in relation to the bill by committees . . .

Now that means by existing committees and I have no doubt hon. members will realize the import of those words. In 1947, when, on the second reading of a bill to amend the Canada Grain Act, it was moved by Mr. Bracken and seconded by Mr. Brooks that the bill be not now read a second time but that the subject matter be referred to the standing committee on agriculture and colonization.

Mr. Speaker ruled the amendment out of order because the standing committee on agriculture and colonization had not yet been appointed. See *Journals,* February 10, 1947, page 55. Now what the amendment calls for is the appointment of a special committee, and it is a substantive motion which should be introduced as a distinct question after notice has been given, and I therefore rule it out for that reason.

Mr. Drew: Mr. Speaker, ruling it out without there being an opportunity presented to argue—

Mr. Speaker: I can hear representations on this question. In the meantime my remarks may be considered. If hon. members wish me to adjourn at this moment and carry on the discussion when the debate on this bill is resumed, then I am quite prepared to do that.

Mr. Drew: I would suggest that that be done, Mr. Speaker, because I believe it will save time if we adjourn now and then when the debate is resumed we will be in a much better position to present our arguments at that time.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the resolution to approve the Japanese trade treaty. On Thursday and Friday we shall take estimates, Thursday beginning with the department of northern affairs. Then we shall go on to transport.

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

HOUSE OF COMMONS

Wednesday, May 12, 1954

The house met at 2.30 p.m.

QUESTIONS

DENTIFRICE ADVERTISEMENTS

Mr. Knowles:

1. Is the Department of National Health and Welfare aware of any public protests made by the American Dental Association concerning dentifrice advertisements?

2. If so, what study has the government given to such protests, or what action has the government taken on the basis thereof?

Mr. Martin:

1. The American Dental Association has made no public protests concerning dentifrice advertisements. However, the whole question of acceptable and unacceptable dentifrices has been dealt with in the journal of the American Dental Association and in a yearly booklet entitled "Accepted Dental Remedies", both of which publications are directed to the dental profession and not to the general public. There has been some newspaper discussion in the United States on the material on this subject in the two publications but this could not be construed as a public protest by the American Dental Association.

2. See answer to No. 1 above.

TELEVISION APPLICATIONS

Mr. Hansell:

1. How many applications for commercial television stations have been received up to January 1, 1954?

2. What are the names and addresses of these applicants?

3. How many applications were granted and to whom?

Mr. McCann:

1. Thirty.

2. Niagara Television Ltd., Hamilton, Ont.; London Free Press Printing Co. Ltd., London, Ont.; CKSO Radio Ltd., Sudbury, Ont.; Western Ontario Broadcasting Co. Ltd., Windsor, Ont.; Television de Quebec Ltee, Quebec, Que.; New Brunswick Broadcasting Co. Ltd., Saint John, N.B.; Cape Breton Broadcasters Ltd., Sydney, N.S.; Lower St. Lawrence Radio Inc., Rimouski, Que.; Transcanada Communications Ltd., Regina, Sask.; Calgary Television Ltd., Calgary, Alta.; Edmonton Television Ltd., Edmonton, Alta.; Wm. Rea, Jr., Edmonton, Alta.; Sunwapta Broadcasting Co. Ltd., Edmonton, Alta.; Central Ontario Television Ltd., Kitchener, Ont.; Saskatoon Star-Phoenix, Saskatoon, Sask.; Frontenac Broadcasting Co. Ltd. Kingston, Ont.; A. A. Murphy & Sons Ltd., Saskatoon, Sask.; Saskatoon Community Broadcasting Co. Ltd., Saskatoon, Sask.; Kawartha Broadcasting Co. Ltd., Peterborough, Ont.; The Island Broadcasting Co. Ltd., Charlottetown, P.E.I.; Grand Television Ltd., Kitchener, Ont.; Ralph H. Parker Ltd., Port Arthur, Ont.; La Tribune Ltee, Sherbrooke, Que.; Leopold Chevalier, Sherbrooke, Que.; Donald A. Clark, Port Arthur, Ont.; Herbert H. May, Peterborough, Ont.; Newfoundland Broadcasting Co. Ltd., St. John's, Nfld.; Mrs. Florence Buchanan, Brantford, Ont.; Ian G. Clarke Ltd., Kamloops, B.C.; Donald H. MacKay, Calgary, Alta.

3. Sixteen: CKSO Radio Limited, Sudbury, Ont.; London Free Press Printing Co. Ltd., London, Ont.; New Brunswick Broadcasting Co. Ltd., Saint John, N.B.; Central Ontario Television Limited, Kitchener, Ont.; Sunwapta Broadcasting Co. Ltd., Edmonton, Alta.; Calgary Television Limited, Calgary, Alta.; A. A. Murphy & Sons Limited, Saskatoon, Sask.; Transcanada Communications Ltd., Regina, Sask.; Ralph H. Parker Limited, Port Arthur, Ont.; Niagara Television Limited, Hamilton, Ont.; Western Ontario Broadcasting Co. Ltd., Windsor, Ont.; Frontenac Broadcasting Co. Ltd., Kingston, Ont.; La Tribune Limitee, Sherbrooke, Que.; Lower St. Lawrence Radio Inc., Rimouski, Que.; Television de Quebec Ltee, Quebec, Que.; Cape Breton Broadcasters Limited, Sydney, N.S.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CENTRAL MORTGAGE AND HOUSING CORPORATION PROPERTY

Mr. Hodgson:

1. What is the full legal description of the whole of the property on the Montreal road on which the Central Mortgage and Housing Corporation head office and buildings are situated?

2. From whom was this property purchased?

3. What was the purchase price and date of purchase?

4. Is there a swimming pool included in these buildings?

5. Has the auditorium a spring dance floor?

6. What has been spent on this property for (a) surveys, subdivision plans, ect.: (b) buildings, giving details; (c) landscaping; (d) furnishings; (e) extras?

7. What was the total cost?
8. Has the government used this property for any other building projects, or does it contemplate doing so?
9. If so, for what purpose?

Mr. Bourget: Return tabled.

WHEAT—LOCAL ELEVATOR PURCHASES AND STORAGE

Mr. Argue:

1. What was the total amount of bushels of wheat, less dockage, purchased at local elevator points in the crop year 1952-53?
2. Of such amount, what was the number of bushels in each respective grade from No. 1 hard to feed wheat, and how many bushels in each of said respective grades were at the time of purchase at said elevator points (a) tough; (b) damp?
3. What was the total amount of bushels of wheat in store by grade and condition, tough or damp, from No. 1 Manitoba hard to feed wheat in store in all country and terminal elevators at the beginning of the crop year 1952-53, and in store in all country and terminal elevators at the close of the same crop year?

WHEAT SALES, 1952-53

Mr. Argue:

1. What was the total number of bushels of wheat sold in the crop year 1952-53, by the wheat board and by all elevator companies and licensed grain dealers, including sales from warehouses and terminal elevators?
2. Of such amount, what was the total number of bushels in each respective grade, from No. 1 hard to feed wheat, and how many bushels in each of said grades were sold or disposed of as (a) tough; (b) damp?

DRIED WHEAT, 1951-52

Mr. Argue:

1. How many bushels of wheat in each grade from No. 1 northern to feed, both tough and damp, were artificially dried in the crop year 1951-52?
2. What was the total gross weight of the above grain before drying?
3. What were the total net bushels as shown by adjusted warehouse receipts after drying?

DOMINION STEEL AND COAL—FEDERAL PAYMENTS

Mr. Gillis:

What moneys were paid Dominion Steel and Coal Corporation in the years 1952 and 1953, as (a) a subsidy for the movement of steel; (b) a drawback for coal used in the manufacture of steel; (c) a bonus for the manufacture of coke; (d) a grant for plant expansion and/or any other purpose related to the steel industry?

POTATO IMPORTS, BRITISH COLUMBIA

Mr. Hahn:

1. How many tons of potatoes were imported into British Columbia each month, during the period March 31, 1953 to March 31, 1954?
2. What was the total value of such importations?
3. What was the total revenue collected on these potatoes?
4. Were any potatoes allowed into British Columbia on a consignment basis?

[Mr. Hodgson.]

TRADE

REPRESENTATIONS TO UNITED STATES GOVERNMENT ON PROPOSED TARIFF CHANGES

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Friday last the Leader of the Opposition inquired about representations to the government of the United States with respect to possible United States restrictions on imports of lead, zinc and fish. As I understand the present situation, it is as follows:

The United States tariff commission has been conducting investigations into imports of groundfish fillets, and lead and zinc, in accordance with its customary procedures. The Canadian government of course has been concerned about the possibility of import restrictions arising out of these investigations by the United States tariff commission. When the inquiry into groundfish fillets was undertaken last summer, official representations were made in a note to the United States state department concerning the effects of any restrictions on the trade in groundfish fillets. Our general views on such restrictions on imports have been conveyed to the United States government on several occasions. Recently at the meeting of our ministerial joint committee on trade and economic matters, they were fully discussed and the Canadian representatives drew specifically to the attention of the United States representatives our concern about zinc and lead.

On Friday last, the day the hon. gentleman asked his question, the tariff commission sent its reports on groundfish fillets to the President, but no announcement has yet been made on the nature of the commission's findings or on what action the President may take. And as to zinc and lead, the tariff commission's report has not yet been completed.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I appreciate the information given and I would merely ask that when the Prime Minister is informed the house be given the information, because I understand that in addition to the ordinary concern there might be over limitations on the export of zinc and lead, any action in regard to groundfish fillets would have a very serious effect, particularly in Newfoundland. We will be hopeful that the representations that have been made will meet with appropriate response.

Mr. St. Laurent: I can assure the hon. gentleman that they have been made in very positive terms, and no doubt at all has been

left in the minds of those to whom they were made regarding our concern about these restrictions.

EXTERNAL AFFAIRS

FAR EAST—EXCLUSION OF INDIA FROM WAR CRIMINAL PROCEEDINGS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of National Defence (Mr. Claxton). In view of the protest of India at her exclusion from further Far East war criminal proceedings, as reported in the New York *Times* yesterday, would the minister state the Canadian government's position on this matter?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I think I should answer this question as Acting Secretary of State for External Affairs. The position of the Canadian government is that the power to grant clemency to and to parole persons sentenced by the international military tribunal for the Far East is determined by the terms of the Japanese peace treaty. Articles 11 and 25 of that treaty, when read together, confine the exercise of this power to the governments that have both signed and ratified the treaty of peace with Japan, that is, Australia, Canada, France, The Netherlands, New Zealand, Pakistan, the United Kingdom and the United States. If India had also signed and ratified the treaty of peace with Japan, India would have been eligible to participate in the exercise of clemency with respect to persons sentenced by the international military tribunal for the Far East.

This position was made known to the representative of the government of India in December last. Recently the Indian government informed the Canadian authorities that it found it necessary to reaffirm its objection to being excluded from participation. The position taken by the Canadian government remains unaltered, and I understand that a similar attitude has been taken by the other countries concerned.

HIGHWAY TRANSPORT

INQUIRY AS TO INTRODUCTION OF FEDERAL LEGISLATION

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to direct a question to the minister. Is it the intention of the government to introduce legislation this session respecting interprovincial truck transport, even though only five provinces, Ontario, New Brunswick, Prince Edward Island, Saskatchewan and Alberta, have agreed to the proposed formula?

Hon. Lionel Chevrier (Minister of Transport): It has already been indicated in the house that, dependent upon the reaction of the provinces to the proposed draft bill which was submitted at the conference, the government would give consideration to the introduction of legislation at this session. My hon. friend has said that five provinces have indicated their approval, and until replies have been received from the four other provinces—

Some hon. Members: Five other provinces.

Mr. Chevrier: I was correct—four other provinces—because there were nine only represented at the conference. It would be premature for me at this time to say whether legislation would be introduced, but I am hopeful that all the provinces will reply affirmatively.

Mr. Johnston (Bow River): Is it necessary that all provinces must agree before the legislation is brought in?

Mr. Chevrier: It is necessary that the provinces give some reply, and it is at least courteous that no consideration should be given to the legislation until a reply has been received from the remaining provinces.

BRIDGES

MARPOLE—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, may I address a question to the Minister of Public Works? Now that the city council of Vancouver has agreed to sell Sea Island airport to the federal government, can the Minister of Public Works tell the house what assistance the federal government will give in building a new bridge at Marpole to serve the Sea Island airport?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, this matter has been the subject of consideration by the government recently and it has been decided that, because of the nature of the airport, and the fact that it is located on Sea island, there is some reason for federal government financial participation in a bridge to replace the present inadequate Marpole bridge.

It has been estimated that a suitable bridge would cost about $1,200,000, and there was a suggestion previously that the federal government's involvement might be in the amount of one-third. The present decision

is then that the federal government will participate in the cost of a bridge from Vancouver to Sea island to replace the present Marpole bridge up to a maximum of $400,000.

Mr. Green: You will have to do better than that.

BURLINGTON CHANNEL—CORRESPONDENCE WITH ONTARIO GOVERNMENT

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to ask a question of the Minister of Public Works. Has the minister received a reply from the Ontario government to his letter to them of April 5 in respect of the proposed new bridge over the Burlington channel?

Hon. Robert H. Winters (Minister of Public Works): The answer, Mr. Speaker, is no.

NATURAL GAS

INQUIRY AS TO DECISION BY FEDERAL POWER COMMISSION ON APPLICATION OF WESTCOAST TRANSMISSION COMPANY

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, may I ask the Minister of Trade and Commerce whether he can give the house any information concerning the application for a licence to import gas from the Peace river district into the northwestern states? I ask that because this morning's press dispatches report that the attorneys of the federal power commission have made an adverse report.

Right Hon. C. D. Howe (Minister of Trade and Commerce): As I understand the situation, the hearings on the application of the Westcoast Transmission Company have been completed up to the time of rebuttal argument. The case of the company is in, and the staff of the commission have put in an adverse report based on the information that has been presented up to this time. It is my understanding that that is more or less usual procedure, the purpose being to point up the items that, in the opinion of the staff, have not been adequately covered. I believe the objections named were the location of the line in the Coquihalla pass that the staff thought might be dangerous to continuous operations. I think there was also some question raised about the deliverability of gas. There was no question about the gas being available in the fields, but question has been raised whether the applicant company could deliver the volume of gas in the time specified.

I understand that the applicant will deal with both of these subjects and with the other subjects that are questioned when presenting his rebuttal, which I believe is timed for about June 1. I would say, from what I know of the situation, that the application is proceeding normally. There is no reason to become unduly depressed or unduly elated. The ultimate decision will depend upon the case that is presented in rebuttal.

Mr. Green: Has the minister any idea when a final decision may be expected?

Mr. Howe (Port Arthur): I have reason to believe that after the rebuttal is filed a fairly prompt decision will be given. I would not like to put a time limit on it, but the presentation of the rebuttals would finish the case.

Mr. Regier: May I ask a supplementary question? In view of the government's giving permission to United States gas being imported into eastern Canada, has it given any consideration to helping the Westcoast Transmission Company in its efforts to obtain a favourable decision for the export of gas?

Mr. Howe (Port Arthur): The two situations have no relation whatever. With regard to the Westcoast situation I may say that the government has endeavoured in every way possible to assist the Westcoast Transmission Company in prosecuting its case successfully. I know of no suggestion that has been made by the applicant to the government that has not been complied with by the government.

Mr. Nickle: I should like to ask a supplementary question, Mr. Speaker. The minister did indicate of course that the government had done everything possible to encourage Westcoast Transmission. Can the minister indicate whether or not the government has ensured, or is now prepared to ensure, to the federal power commission of the United States security of both supply and price of Canadian gas to Westcoast Transmission for a sufficient period of years to amortize the heavy investment in transmission lines and distribution systems of gas supplied to the United States northwest? I ask that question, sir, because of fear of insecurity which has a great deal to do with the present—

Mr. Speaker: Order.

Mr. Howe (Port Arthur): Mr. Speaker, it seems to me that the news collecting agency of the very efficient periodical my hon. friend publishes has broken down, because the supply of gas has been assured for 22 years, that being the period of the licence granted by the province of Alberta. The federal government has nothing whatever to do with the price. It has no legislation which would enable it to interfere in that connection which is purely a provincial matter. However, I may say that in the report I have of the

document filed by the solicitor for the federal power commission none of the points mentioned by my hon. friend are raised.

Mr. Nickle: Mr. Speaker, I would like to ask a supplementary question. I disagree with the minister.

Some hon. Members: Question.

Mr. Nickle: In connection with the Electricity and Fluids Exportation Act this government—

Some hon. Members: Question.

Mr. Nickle: —retains authority by order in council to impose an export tax—

Some hon. Members: Question.

Mr. Nickle: —on gas exported from Canada.

Mr. Speaker: Order.

Mr. Nickle: Could the minister assure us that he has given the United States an assurance that the federal government will not impose an export tax during a sufficient period of time to ensure the amortization of the investment on the United States' side of the pipeline system?

Mr. Howe (Port Arthur): Mr. Speaker, we have neither been asked to give nor have we given any such assurance. I suggest that my hon. friend is raising points with which the commission have not interested themselves up to date and I would hesitate to give any unsolicited commitments on these points.

ROYAL CANADIAN MOUNTED POLICE

STATEMENT ON ARREST OF ALFRED VALDMANIS

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Minister of Justice, of which I have given him notice. In view of the criticism in connection with the arrest of Alfred Valdmanis, and in fairness to the R.C.M.P. involved, would the minister care to make some statement in this regard?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank my hon. friend for having given me notice of his question.

T.C.A. flight 465 from Newfoundland, carrying Corporal Clark of the Royal Canadian Mounted Police, with a warrant to apprehend Dr. Alfred Valdmanis, was delayed by weather conditions and arrived at Fredericton airport at 10.15 p.m. of April 22. By the time Corporal Clark had been driven in an R.C.M.P. highway patrol car to Petersville and thence to St. Andrews, it was approximately two a.m. of April 23.

Inquiries of the Ministry

Corporal Clark was accompanied by another member of the force and on arrival at St. Andrews they were joined by Constable Winter of the St. Andrews town detachment. All of them were in plain clothes. Constable Winter introduced them to the local police magistrate who backed the Newfoundland warrant. Proceeding at once to the home of Dr. Valdmanis' brother at Chamcook, they effected the arrest of Dr. Valdmanis and left the house at 3.20 a.m.

Corporal Clark's instructions had been to return immediately to Newfoundland after effecting the arrest, but owing to weather conditions the party could not leave according to schedule and did not leave until the afternoon of April 24, arriving at St. John's, Newfoundland, on the same date.

In view of the fact that this was an important case and that Chamcook, New Brunswick, is close to the United States boundary, it was considered the course of prudence to effect the arrest of Dr. Valdmanis as soon as possible after the backing of the Newfoundland warrant by the New Brunswick police magistrate.

While I am aware, as minister in charge of the Royal Canadian Mounted Police, that the arrest in this case has caused some criticism, I am of the opinion, in view of the importance of the prosecution and the large amount of money involved in the charges, that the arrest was handled with efficiency and discretion.

TRADE AGREEMENTS

CANADA-JAPAN—RATIFICATION OF AGREEMENT SIGNED AT OTTAWA MARCH 31, 1954

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved:

That it is expedient that the houses of parliament approve the ratification by Canada of the agreement on commerce between Canada and Japan, signed at Ottawa on March 31, 1954, and that this house do approve the same.

He said: An agreement on commerce between the Canadian and the Japanese governments was signed in Ottawa on March 31. An announcement was made in the house at the same time and the text was released for publication. The agreement will enter into force when it has been ratified by both governments. Because of the exceptional importance of this agreement, and because of the widespread interest in it, a resolution has been tabled to obtain the approval of the house in advance of ratification.

It has appeared for some time to be in our national interest to work out a mutually advantageous trade agreement with Japan.

Mr. Speaker: Order. May I be permitted to interrupt the minister for one second in order to ask hon. members for their co-operation with respect to observing silence. It is very difficult to hear the minister, although normally he speaks loud enough, but if hon. members' conversation competes with his voice the loudspeaker system will be of no assistance at all, and I know many hon. members are interested in the question now before the house. I would ask hon. members if they wish to converse to do so in a very low voice or, which is better, use the lobbies which I think have been provided for that purpose.

Mr. Howe (Port Arthur): Japan has already become our third largest customer. It seems probable that Japan will continue in the future to increase in importance as a market for our exports.

Japan is assuming the status of a major participant in world trade. A great deal of reconstruction and reorganization has taken place in the Japanese economy since the end of the war. Certain aspects of these developments bear great promise for the future of our own trade.

This new agreement provides, among other things, for the exchange of most-favoured-nation treatment. This is the normal and established treatment which we extend to other friendly countries with which we trade. Quite clearly, we could not continue for much longer to withhold most-favoured-nation treatment from a country such as Japan, which is one of our largest customers.

In recent years we have been imposing the high rates of our general tariff upon imports from Japan. In consequence, we have imported very little from there, even though we have been selling large and increasing amounts of our exports to that country. It has become more and more difficult in these circumstances to justify the fact that we were not extending most-favoured-nation treatment to Japan. In the new trade agreement we are now proposing to correct this anomaly.

Hon. members know that the government is constantly helping to increase and diversify Canada's export trade overseas. On behalf of Canadian producers we attempt at every opportunity to improve the terms upon which our goods are admitted into the markets of other countries. We try to keep our trade agreements up-to-date. In this connection, this new trade agreement with Japan is an important step in strengthening our whole system of trade relations. It should provide a stable and beneficial basis for trade to take place between Canada and Japan.

[Mr. Howe (Port Arthur).]

In negotiating this new agreement, we set out to obtain and consolidate advantages in the Japanese market, and at the same time to safeguard in a reasonable way the position of our own Canadian manufacturers in our home market. The negotiations were carried on in Ottawa, over a considerable period of time, with representatives of the Japanese government. At each stage, the various aspects were given careful consideration by my cabinet colleagues and myself. The negotiations were recently concluded in a friendly way and both sides regarded the results as satisfactory. Good trade relations and effective trade agreements are based on the willingness of countries to recognize each other's difficulties. They are based also on the desire to make well-balanced arrangements which will operate to the advantage of all concerned.

Let me give a short outline of the essential features of the agreement, and I will then go into some explanatory details. Briefly, there are three important ways in which this agreement will facilitate the access of Canadian goods to the Japanese market. In the first place, our exports will be guaranteed most-favoured-nation treatment in Japan, Secondly, we will be assured that there will be no discrimination whatsoever against Canada and in favour of any other hard currency country with respect to quantitative restrictions, exchange controls, or any other matters. Thirdly, with respect to a list of nine important Canadian export products, Japan undertakes not to discriminate against Canada in favour of any other country regardless of its currency position. This list of products includes wheat, barley, woodpulp, flaxseed, primary copper, lead in pigs, zinc spelter, synthetic resins and milk powders. These are all very important concessions to have received. I shall return to these points a little later, to explain them more fully.

On our side, we undertake to make certain concessions to Japan. The agreement provides that Canada will extend most-favoured-nation treatment to Japanese goods. This means that imports from Japan will be entered under our most-favoured-nation rates of duty, which are generally applicable to the non-commonwealth countries with which we trade. This will involve reductions in the duties on imports from Japan, which have hitherto been subject to the much higher rates set forth in our general tariff. It is, of course, to be predicted that imports from Japan will increase under these new arrangements.

In 1953, Japan purchased almost $119 million worth of Canadian goods. This total was exceeded only by our sales to the United States and to the United Kingdom. In the same year, Canada bought less than $14 million worth of goods from Japan. For every dollar Canadians spent on Japanese goods, in other words, the Japanese bought more than $8 worth in Canada. We could not reasonably expect to continue to enjoy such high sales to Japan if at the same time Japanese goods were to continue to be restricted from entry into Canada by the high rates of our general tariff. Japan legitimately expects to sell more in this country. For my part, I do not believe we need to be afraid of such increases. Under these new arrangements, Japan will be in a position to compete for a share of the Canadian market on an equal basis with other foreign suppliers, such as the United States and Germany. Importers may well find it advantageous to obtain some of their requirements from Japan in competition with their former sources of supply.

Canadian imports from Japan have increased in value as compared with pre-war years, but they are still relatively small. Last year, they included a range of items such as iron and steel, toys, oranges, pottery and chinaware, silk and other fabrics, tuna fish and a variety of manufactured products. Only in two items did our imports from Japan amount to as much as $1 million. Aside from these items, the value of individual import items from Japan was in each case considerably below a half million dollars.

When it is remembered that total imports into the Canadian market in 1953 amounted to $4·3 billion, it is clear that there is considerable scope for Japan, from its present level of $14 million, to obtain an increased share of our large import market. Out of every $100 worth of goods imported into Canada last year, about 30 cents' worth came from Japan. There is obviously room for a considerable increase in imports, which would contribute to a healthier balance of trade and at the same time be of such dimensions as to be readily absorbed.

In case injurious competition should materialize for particular Canadian industries out of such imports, careful safeguards have been provided in the agreement. We have been mindful of the fact that a sudden influx of low-priced imports might seriously affect some particular Canadian industry. In the agreement Canada therefore reserves the right to apply special duties on Japanese goods in legitimate cases of emergency where, as a result of increased imports, there is a serious threat of injury to domestic producers.

I hope, however, that Canadian trade with Japan will develop in such a way as not to create serious problems for Canadian industry. Japan, like ourselves, is vitally dependent on foreign trade. The Japanese government is no doubt fully aware of the fact that no lasting trade relations can be built up except on the basis of mutual good will and of adherence to fair trade practices. It is reasonable to expect that Japanese exporters will try to avoid creating problems which would undermine good relations. Japan has in recent years instituted a comprehensive system of control and inspection for its exports, in a positive effort to prevent dumping of goods, misrepresentation of trade marks and patents and other undesirable methods, and to abide by internationally accepted fair trade practices.

I shall go on now to explain in a little more detail some of the concessions we have received. It is important that we are now to be assured by Japan of most-favoured-nation treatment as regards tariffs and all related matters. Since the Japanese maintain at present a single-column tariff, this agreement does not have the immediate effect of lowering their rates of duty on Canadian goods. However, the Japanese tariff does provide for heavy surcharges on goods from countries which discriminate against Japan. It is also possible, of course, that Japan may in the future decide to revise its present tariffs. With respect to all such eventualities, this agreement assures Canadian exports of the lowest rates of duty and of the most favourable tariff treatment that may be accorded by Japan to any country.

We have recognized in this agreement that, in view of their continuing balance of payments problems, the Japanese may from time to time find it necessary to enforce certain import and exchange restrictions on a temporary basis. However, the agreement provides that Canadian exports to Japan shall receive treatment no less favourable than is accorded to our competitors in other dollar countries. There can be no discrimination of any kind against Canadian goods as compared with goods from other countries, such as the United States, whose currencies are convertible. This is an important guarantee which applies over the whole field of our exports to Japan.

In addition, the very significant concession is made by Japan of guaranteeing against all discriminatory restrictions whatsoever the list of nine important Canadian products, including wheat, which I have already enumerated and which make up a very high proportion of our trade with Japan. For these goods, Japan has undertaken to grant licences and

exchange without regard to currency considerations. We are thus assured of our freedom to compete, on a normal commercial basis, with all other suppliers, wherever they may be and whatever currency they may use. There are certain agreed exceptions to this rule but they affect only a limited number of the nine commodities listed, and they apply only to specific quantities and for specific periods. These special exceptions have been provided to permit the Japanese government to fulfil undertakings it has entered into in trade agreements with certain other countries.

Last year Japan was our second largest market for wheat and it is also one of the leading markets for Canadian barley. The growth of Japanese imports of wheat and barley has been a remarkable development of recent years and constitutes in effect the creation of a new and continuing market for these basic Canadian exports. Our exports of wheat to Japan have increased from less than $1 million in 1949 to $52 million last year, representing almost 10 per cent of our total wheat exports. We sold about 800,000 tons of wheat to Japan in the last crop year and we expect to equal this performance in the current year. Similarly, while we sold no barley to Japan until three or four years ago, Japan last year purchased over $17 million of Canadian barley, representing almost 13 per cent of our total barley exports in 1953. Japan has become for the first time a major grain importing country.

This very significant increase in grain exports to Japan is not the result of temporary factors. On the contrary, the dietary changes that are taking place in Japan, the improved standard of living, and the development of an efficient milling industry in that country, all point to even higher levels of grain consumption in future years. Representatives of my department and of the Canadian wheat board, who visited Japan last January to discuss the grain trade, were very favourably impressed with the potentialities of the Japanese market. They were told that consumption of wheat flour in Japan in 1953 was 50 per cent higher than in 1952, and that the production of processed barley for human consumption in Japan in 1953 was 30 per cent greater than in the previous year. It is my belief that this increasing trend of Japanese requirements will continue. I am happy that Canada is in a position to supply a large proportion of these needs.

Japan is also one of Canada's major markets for woodpulp, for flaxseed, iron ore, copper and other important products. For example, Japan was our third largest market for dissolving pulp last year, taking 10 per cent of our total exports, and substantial amounts of other grades of pulp were also shipped. Our exports of flaxseed to Japan in 1953 represented about 10 per cent of our total flaxseed exports. Non-ferrous metals were our leading exports to Japan before the war and Japan continues as a potentially important market for these products. Canada's expanding synthetic resin industry is also finding a valuable export market in Japan.

In fact, Japan, with her 85 million population and with her highly developed industries, is one of the world's largest markets for foodstuffs and raw materials, and for other products which we can supply. The maintenance of high levels of exports of these products is of fundamental importance to the whole Canadian economy. It is of direct benefit to our agriculture, our forest and our mining industries. By contributing to a buoyant economy and a prosperous domestic market in Canada, it is of vital importance to our own manufacturing industries which sell their products in the Canadian market. We have no monopoly on the supply of such products, of course, and other countries are also anxious to expand their share of the Japanese market.

Ratification of our agreement should open a new era of fruitful trade relations between Canada and Japan. Our two economies are to a large degree complementary and have much to gain from close and constructive co-operation. We are happy to play our part in helping Japan to take her place as a partner in the world trading community.

It will be recalled that at the last session of the contracting parties to the general agreement on tariffs and trade in Geneva, Canada voted in favour of inviting Japan to participate in the work of the contracting parties. This did not, of course, mean full membership for Japan; nor did it mean that Canada and Japan undertook the rights and obligations of the agreement with respect to each other. We also indicated at that time, however, that we were negotiating a trade agreement with Japan and that, once a satisfactory agreement had been concluded, and subject to the terms of that agreement, the Canadian government would be prepared to consider bringing the GATT into effect as between Canada and Japan.

Subject to the terms of this new agreement, we intend to apply the GATT to our trade relations with Japan, thus joining with the other GATT countries which have decided to bring their trade relations with Japan within that framework. It should be noted that our agreement with Japan already

contains many of the essential features provided for in the GATT, with respect to most-favoured-nation treatment in tariffs and other matters. This new agreement is in fact somewhat stronger and more specific than the present provisions of the GATT with respect to the non-discriminatory application of exchange and import controls. Similarly, the Canadian government's right to adopt safeguarding measures against unfair or injurious competition is established in a more precise and explicit manner in the agreement with Japan than it is under the corresponding provisions of the GATT. At the same time, we regard the agreement with Japan as being consistent in all respects with the principles of the GATT.

Hon. members will recall that when I announced in the house the signing of the agreement on March 31, I pointed out that its importance goes beyond commercial considerations. This agreement should contribute to stable and friendly relations between the two countries and to the peace, security and progress of the Pacific area. I am confident that this agreement will prove to be in the long-run interests of both Canada and Japan. I would remind the house that other important trading countries are taking steps to consolidate their trade relations with Japan. The United Kingdom government has recently renewed and to some extent liberalized its payments agreement with Japan. The United States, which already has a most-favoured-nation agreement, has indicated that it contemplates tariff negotiations with Japan and it is seeking special authority for such negotiations.

We have tried to obtain a carefully formulated and well balanced agreement which should go a long way in itself to reassure those of our producers who are afraid of being seriously hurt. When we think of the present importance and the potential growth of the Japanese market for many of our export products, there can be no doubt of where our interest lies. This agreement will help over the years to provide employment and income in agriculture, in our forest and mining industries and in other industries across the country. For these reasons I hope the resolution will receive cordial and widespread support.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I am sure that no member of the house entertains any doubt about the importance of the measure now before us. Trade is a factor of high importance in the outlook of this country both with respect to peace and our economic future and, indeed, the whole development of this country with which Providence has blessed us. Our trade and economic relations with Japan must, in the light of existing conditions in the world and in the light of our trade and economic relations with that country in the past, claim a place of high importance in the consideration of hon. members of this house.

In the resolution submitted to the house, Mr. Speaker, the house is invited to express its approval of the ratification of the trade agreement signed by Canada and Japan on March 31, 1954. May I point out, sir, that the procedure does have the effect of restricting consideration of this measure. This is a debate on a resolution. Only one stage of discussion is afforded. I should think with any measure of such great importance it would have been desirable, were it possible, for the measure to receive careful consideration in a committee of the house where it would be possible for hon. members to ask those many questions which naturally arise in their minds in relation to a trade treaty of such high importance. It would also permit those who have views to express to do so.

I recall, sir, that in the session of 1948, when the general agreement on tariffs and trade which had been signed at Geneva in the fall of 1947 was brought to the house for ratification, the government did follow a suggestion that I think came from Mr. Bracken, the then leader of the opposition, that the treaty, after an initial debate, should be referred to the standing committee on banking and commerce for further consideration. In that committee the matter was given more detailed consideration and was the subject of a more informal discussion than is ever possible in a debate in this house. Indeed, sir, the procedure that we are following today is such that it is not possible to ask the government any of the questions which I am sure crowd into the minds of hon. members in relation to so important a matter.

This subject, sir, can only be fairly considered against a background which must embrace our consideration of our economic and political relations with Japan in the past. The history of our pre-war trade relations with Japan is, frankly, not altogether happy. The mention of trade with Japan to those who recall the conditions attendant upon our trade with Japan in pre-war years is to invite the recollection of the days when Japanese goods, particularly textiles and toys, flooded the Canadian market and undersold Canadian products by reason of the very low standard of living of the Japanese people and the Japanese workman in particular, in comparison with our own.

Then, of course, came the war. To think of the war, of course, is to invite the recollection of deep wounds. Yet, Mr. Speaker, I think we would not be true to the trust imposed in us as legislators of Canada, nor would we be true to the responsibility that rests upon Canada as a great democratic nation in the world today, if we did not believe that those deep wounds inflicted from 1941 to 1945 are capable of being healed, and that it may be possible to restore to our relations with Japan that healthy mutual regard that did once exist.

We recall, sir, that Canada and Japan entered into a treaty of peace two years ago. We recall that it was generous in its terms. We recall that it followed a treaty of peace between the United States and Japan which was signal in the generosity of the terms extended by the victor to the defeated nation. This house on June 16, 1952, gave unanimous approval to this treaty of peace and the ensuing legislative measures. Why did we do this, Mr. Speaker? Why did we seek to be generous in the terms of the treaty of peace we approved with Japan at that time? I am certain that one factor that was high in the consideration of hon. members of this house was our hope that Japan would come to hold a position of respect and mutual regard amongst the democratic nations of the world. We wanted to leave no stone in the path of Japan taking that kind of position amongst the civilized nations of the world. The behaviour of the Japanese government and nation since the war has been such as to encourage the hopes we expressed at that time.

The Japanese government has sought to follow a path of co-operation with the western nations. The Japanese government did not, as her own economic interest might have dictated, recognize the communist, so-called people's government of China. It chose rather on June 18, 1952, to recognize the existing nationalist government of China. She applied to become a member of the United Nations, and would have become a member had not the Russian delegate on September 18, 1952, exercised the 52nd Russian veto to defeat Japan's application for membership in the United Nations. Last December Japan became a party to the statutes of the international court of justice. Only Russia abstained in the voting in the security council and the assembly.

The hope of the western world in a substantial degree in that quarter of the globe can fairly be said to be put upon the basis that Japan is, and shall continue to be, the major outpost against communism. It is proper, sir, that we should have regard to the political and economic conditions existing in Japan today. I affirm that these are matters of concern to us. We cannot take a narrow approach to questions of this kind. If conditions in Japan, either in the political or economic field, were to suffer drastic deterioration, who can say how long it would be before communism would rear its ugly head and challenge the government? In so far as political conditions are concerned, it may be unwise to say more than that at the moment the government in Japan is not in a too strong position. But we may properly examine, and in greater detail it seems to me, the economic conditions subsisting today in Japan. The economic conditions today are not too sound.

Japan is a nation confined within narrow geographical boundaries. She is poor in the possession of natural resources. Her economy is such that she must depend upon export trade for her economic health. Only 16 per cent of the soil of Japan is arable. Next to The Netherlands and Belgium, Japan has the densest population in all the world in relation to her arable land. The population in Japan is 3,600 per square mile, and the total population today is about 86 million. It is increasing at the net rate of 1,200,000 per year. It is estimated that by 1960 the population of Japan will have increased to 95 million people. In very truth, sir, Japan is bulging at the seams. As a result of the war she no longer has those colonies with which she had built up a very substantial trade before the war. Japanese immigrants are not being received in numbers in other parts of the world. The United States is now receiving about 150 per annum, and the number that Canada receives is, of course, slightly smaller.

Before the war 42 per cent of Japan's exports went to China, Formosa and Korea. She has been stripped of her colonies and her loss in that regard is serious when we look at the trade she enjoyed with Formosa and Korea as well as Manchuria. As a result of the war she lost her colonies, which constituted 46 per cent of her pre-war territory.

There are other disturbing features in the economy of Japan today. As a result of the stress of war and post-war conditions, inflation has been rampant in Japan. Taking 1937 as a base of 100, her wholesale prices by the middle of 1952 had jumped, according to official Japanese statistics, to 27,300. The cost of living in Japan has soared to very great heights and taxes are very high. Interest rates are abnormally high. Indeed, the Japanese economy has been maintained in effect by United States assistance—United States assistance in the form of direct aid and

in the procurement policies followed in relation to the occupation of Japan by American troops, and in the hostilities in Korea.

By late 1953 Japanese exports were only 31 per cent of what they were in pre-war days. Her imports then were just 54 per cent of what they were in pre-war days. The ratio of her total trade volume to national income is 22 per cent today as against a pre-war percentage of 37 per cent. The average annual income per capita in Japan is $150. It is the highest in Asia but it is very low compared with the Canadian income of roughly $1,000 per capita.

United States aid to Japan has been indeed substantial. From the end of the war up to September 30, 1953, net grants for economic aid from the United States to Japan were $2,439 million. Those figures are for direct aid alone. Even with the substantial procurement policy followed by the United States in Japan that country in 1952 suffered a visible trade deficit of $570 million. Allowance, of course, must be made for certain invisible figures in the trade accounts, but Japan's trade position today is unbalanced. She has had to resort to import restrictions and other protective devices.

Japan's exchange position must be as well a matter of concern. She has suffered from a lack of foreign exchange—sterling in particular. This is in part the result of import restrictions which existed until recently in the colonies of the British Empire. On September 20, 1953, Japan's holdings of foreign exchange had been reduced to the equivalent of $1,008 million United States dollars, of which $872 million were in the form of United States dollars.

Japan has been seeking to expand her exports. In 1953 she partially lifted the ban on exports to Red China and placed a number of carefully selected items on a so-called free list. The trade volume under those special arrangements is expected to reach a volume of only $15 million on a strict barter basis.

These, it seems to me, are all important considerations in approaching a trade treaty between our country and Japan. Before the war Japan had a very great market in Asia. Her pre-war market in Asia accounted for 64 per cent of her total exports. That figure dropped in 1951 to 51 per cent. This has had a very restrictive effect upon the Japanese economy. We must take account of that factor because it is the political factors in which we have direct and lively concern which are responsible in substantial measure for the curtailment of the markets formerly enjoyed by Japan in Asia.

Then, sir, what of our own trade relations with Japan? I do not wish to weary the house with statistics, but it seems to me that an intensive study of the trade figures pertaining to our trade with Japan in recent years is extremely illuminating. On the import side the average figure for Canadian imports from Japan from 1935 to 1939 was $4,649,000. In 1939, the last pre-war year, the figure had risen to only $4,864,000. By 1948, when conditions were becoming more settled in the East, our imports from Japan were just $3,144,000. They increased in 1949 to $5,551,000. In 1950 they were $12,086,627; in 1951 $12,577,000; in 1952 $13,162,000; and in 1953, $13,629,000.

There has been, it will be seen, a substantial increase in these post-war years over any figures that had existed up to that time. The figures have been relatively stable during the past four years.

What now of our exports to Japan? The pre-war average, from 1935 to 1939, of our exports to Japan was $21,880,000. I give only the round figures. In 1939, the last pre-war year, we exported to Japan $28,168,000 worth of goods. In 1948 when, as I mentioned, conditions became more settled, we exported to Japan $8 million worth of goods. In 1949 that figure dropped to $5,860,000. In 1950 we advanced the figure to $20,533,000. In 1951 there was a huge increase to $73 million, and the increase has continued since. In 1952 the figure was $102 million and in 1953 an all-time high was recorded of $118,500,000.

Sir, the nature of our commodity trade with Japan, as the minister has indicated, is a matter of high importance in our consideration of this subject today. Wheat has been our leading commodity export to Japan. Last year we exported some $52 million worth of wheat to Japan. Our barley exports have been a feature of our trade with Japan during the last several years. In 1952 we exported $39 million worth of barley. In 1953 that dropped to $17,500,000. Our export of wood pulp sulphite and wood pulp sulphate, which go into the making of Japanese rayon, advanced from $6 million in 1952 to something over $8 million in 1953. Our exports of copper, ore, and scrap advanced in 1953 to $4,300,000. Our scrap iron or steel advanced in 1953 to $3,862,000, and flaxseed from a mere $27,000 in 1952 to $1,380,000 in round figures in 1953.

It will be seen, sir, that our trade with Japan, both import and export, has now reached all-time records. The second striking feature of these figures is the extraordinary imbalance of our trade with Japan. Now, even making allowance for the invisible figures that should enter into our consideration of any of the figures on visible exports and imports, the fact is that for some time we

have been selling to Japan eight times as much as we have been buying from her.

Among the best customers of Canada Japan in 1950 stood ninth, in 1952 fourth, and in 1953 third. This has been at a time when on the continent of Asia there has been an increasing tendency towards independence or self-sufficiency in trade matters on the part of countries there, and Japan, which is more dependent upon export trade than any other nation in Asia, has naturally felt the adverse effects of that policy on the continent of Asia.

We must now look, sir, at conditions in our own country which may be affected by the terms of this treaty. Sir, textiles and steel products, electrical goods and pottery are likely to play a leading part in the export hopes and plans of the Japanese people under the terms of this treaty.

It is an unhappy, an inescapable fact, I suppose, that in the last nearly decade and a half this is perhaps the most unfavourable time for the Canadian textile industry and the other industries I have just mentioned to face the rigour of Japanese competition in the Canadian market. It is an inescapable fact that not one more textile import today is needed to hurt the Canadian industry. Canadian industry has suffered a good deal of economic deterioration in recent months. Let us then examine the treaty in the light of this background.

I do not wish to review the ground which the minister has covered in his speech this afternoon. The purpose of the treaty, as has been stated, is to offer unconditional most-favoured-nation treatment in all matters on a mutual basis between the two countries. There are exceptions. One exception of course is made in article I, paragraph 5, which stipulates that the agreement is not to affect the advantages accorded by Canada to members of the British commonwealth of nations. Then we have in article III, paragraph 3, some provisions that may come to play a very important part in the effect of this Japanese trade treaty; that is, the provision in relation to balance of payments.

In considering the weaknesses of many of the nations of the world today in relation to their exchange position we should have due consideration for the effect of this article. It provides, sir, that:

> Both contracting parties recognize that the existence of balance of payments difficulties in many countries, and the widespread inconvertibility of currencies, do not permit the immediate and full achievement of non-discriminatory application of trade and exchange restrictions affecting imports.

And for that reason provision is made in this article that either contracting party may:

> . . . in the application of trade or exchange restrictions affecting imports for the purpose of safeguarding its external financial position and balance of payments, temporarily deviate from the provisions of paragraphs 1 and 2 of this article—

—on two conditions which are in the form of a proviso:

> Provided that:
>
> (a) its restrictions shall be applied in such a way as to avoid unnecessary damage to the commercial or economic interests of the other contracting party;
>
> (b) its restrictions shall not be applied in such a way as to result directly or indirectly in discrimination as between countries which are treated as part of the United States dollar area under its exchange control regulations, or as between countries whose currencies are or become convertible in the hands of persons who are treated as non-residents under the exchange control regulations of the countries concerned.

The next article of direct concern to us in this debate, sir, is article V, in relation to the maintenance of fair trade practices. It provides:

> Each contracting party undertakes to conform in its trade and commerce to internationally accepted fair practices, particularly in matters relating to trade marks, marks of origin and rights under patents, and to co-operate with the other contracting party with a view to preventing any practices which might prejudicially affect the commerce between the two countries.

Article VII defines the duration of the agreement. It is to continue in effect for a period of one year from its entry into force, and thereafter until three months from the date on which either of the parties shall have given notice to the other of the intention to terminate the agreement.

The correspondence which has been exchanged between the contracting parties on March 31, 1954, has also been made a part of the treaty by protocol. One of the letters written by the Canadian Secretary of State for External Affairs (Mr. Pearson) contains a provision which I suppose, in the view of many of us in this house, will be regarded as of crucial importance, for under its provisions Canada "reserves the right to establish values for ordinary and special purposes in the following terms." I do not propose to read these terms, sir, with the exception of one paragraph, and I do read it *in extenso* because of its importance:

> If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of

such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

Canada's right to proceed in that manner is recognized by the next following letter from the ambassador of Japan. Then in the following letter the government of Japan undertakes to accord unconditional non-discriminatory treatment with respect to the importation into Japan of nine designated commodities, namely, wheat, barley, wood-pulp, flaxseed, primary copper, lead in pigs, zinc spelter, synthetic resins and milk powder.

Sir, the safeguards to which Canadian industries will look are undoubtedly those in relation, first of all, to the duration of the agreement; second, those in relation to the maintenance of fair trade practices; third, the provision that I have read in regard to the imposition of special duties in certain cases. Most-favoured-nation status is to all intents and purposes the same status as any nation derives under GATT. There is one further feature as well, that the legislation passed in this house in December last in amending the Customs Act will have application to imports from Japan as well as the provision which I have read in relation to the establishment of special duties.

I make just this comment on the importance and value of those safeguards, sir. First of all, in regard to duration, if it should happen that for any reason the treaty proves to be a disappointment and this house desires that steps be taken either to terminate the agreement or to seek changes in it, it will not be a very easy matter to terminate it. Hon. members may say, "Well, all you need to do is to give notice." But the fact of the matter is that in the relations of one country with another the sudden termination of trade treaties oftentimes provokes unhappy differences, and it is not the sort of thing any country in times like these desires to do to a country with which it is seeking to foster friendly and close relations.

As to the value of the provision in relation to the establishment of special values for commodity purposes, I would draw your attention, sir, to what may be considered a somewhat narrowing provision. It is to be observed that this clause can be invoked only as the result of unforeseen developments and the effect of obligations incurred by Canada under the agreement on products being imported into Canada in such increased amounts and under such conditions as to cause or threaten serious injury to Canadian domestic producers.

Let me stress that this clause can be invoked only where the unhappy results contemplated by this provision arise as the result of "unforeseen developments". Now, I do not know that any hon. members of this house can say that a very substantial increase in Japanese imports into Canada, and not least in those commodities where there is substantial unemployment today in Canada, will be unforeseen. I think it is obvious, Mr. Speaker, that there is going to be a substantial increase in Canadian importation of Japanese products, and therefore I put it before the house that under this provision, which has been stressed by the minister both in the statement he made today and the statement he made in this house on March 31, and has been stressed in the thinking of many people and the writings of some in relation to this Japanese treaty, the right can be invoked by Canada only where the unhappy conditions contemplated of a threat of injury to the Canadian domestic producer is unforeseen today.

Now, sir, I pass on to examine this treaty in terms of the ledger balance. It does undoubtedly offer benefits and against those benefits we must weigh whatever cost there may be to Canada.

In the face of the condition of imbalance in trade with Japan, to which I have made reference, it is quite clear that even if we were to achieve by this treaty no more than an assurance of a continuation of the kind of market we have been enjoying in Japan, it would have important value for Canada. Canada is to achieve most-favoured-nation status in the Japanese market. But the minister has not said, as I followed his statement today, that Canada is likely to increase her exports to Japan in any substantial measure. He did lay stress today on the maintenance, through the instrumentality of this treaty, of the position that Canada enjoys in the Japanese market today. Therefore, Mr. Speaker, while we would like to see this treaty made the means of increasing our sales to Japan of Canadian goods, I think it well to remind ourselves that that hope has not been expressly held out today by the minister. Of course, it will remain with Canadian businessmen and the Canadian wheat board to take advantage of the position that is ensured to Canada under this treaty for its duration.

We would like to see Japan substantially increase her purchases of Canadian wheat. Her record purchases of wheat amounting to $52 million last year, and $17 million worth of Canadian barley, may give us hope that we will be able to enlarge the sale of these important commodities to Japan. With the surplus of wheat which exists in Canada today we hope that the dietary trend in Japan, which has been moving people more and more from the position of rice eaters to the position of wheat consumers, will continue. We wish naturally to be in the

forefront of the sale of wheat in the Japanese market. I leave this matter of the benefits to Canada, Mr. Speaker, simply with this note of warning, that the minister has not indicated or has not held out any glowing hope of an increase in Canadian sales to Japan.

On the import side there are many commodities undoubtedly which will be available to the Canadian consumer at lower prices, but I ask the house to consider this also in relation to the other side of the ledger balance of this treaty. The effect of extending most-favoured-nation treatment to Japan under this treaty will be to reduce the present tariff rates on the products concerned. Gloves will be reduced from 45 per cent under the general tariff to 25 per cent under most-favoured-nation treatment; toys, 40 per cent today, will be 25 per cent under the treaty; pure silk clothing, 45 per cent today plus seven cents per ounce, will be 30 per cent under the treaty; pottery and chinaware, 35 per cent today under the general tariff, will be 20 or 25 per cent under the treaty, depending on the particular commodity.

Now, sir, what of the other side of the ledger balance? Perhaps we can consider this best in relation to the Japanese hopes of the benefits which will accrue to them under the treaty. There have been statements from high sources in Japan indicating that the Japanese hope to double their exports to Canada. If they double their exports to Canada it will mean increasing their exports to us to something like $25 million a year. The opinion that one may form in relation to this subject, Mr. Speaker, is that the Japanese hopes must be set much higher than that. The hopes of Japan with respect to increased exports into the Canadian market are centred largely in the field of textiles, steel products, and, of course, the extension of those sales to Canada with which she has been successful in the past, toys, cameras, tuna fish, oranges, pottery and ceramic products, and she hopes to extend her sales of shirts and gloves to Canada.

What has been the reaction in Canada to this treaty? It is only natural, sir, that the Canadian textile industry should demonstrate very serious concern about the treaty. Statements came from the Canadian textile industry when the treaty was announced objecting to it and contending it was unjust. The statement issued by the Primary Textiles Institute reads as follows:

> It is unjust that the textile industry is apparently to bear the main brunt of increased Canadian imports from Japan, now that a trade treaty is being signed. This comes at a time when imported textiles already hold a commanding share of the Canadian market.

[Mr. Fleming.]

> Japan has already become the world's largest textile exporter. Low wages, skilled workers and a completely rebuilt modern industry has restored them to that position within a few post-war years. Japan has captured this position by selling great volumes at low prices and will not be content with any small sales in Canada now that tariffs on many of their textiles are to be sharply reduced.

This statement proceeds to draw attention to the fact that "Japanese textiles packaged in clear imitation of well known Canadian brands are a recent example" of what are described as unfair practices.

> Another is a "dual price system" whereby Japan sells products abroad for less than the price at home, described by the Manchester *Guardian* as a "flagrantly unfair system".

That is the end of my quotation from the statement from the Primary Textiles Institute of March 31.

I was interested in what that statement had to say about the existence of a two-price system in Japan. On looking into the matter further I found this statement in a recent review of economic conditions in Japan published in the *Oriental Economist* of February, 1954. This is a Tokyo publication in the English language. In it I find this paragraph:

> Yet, from around the autumn 1952, certain items began to be quoted at lower levels for export than in the domestic market; and since early 1953, the gap between domestic and export prices has tended to widen appreciably. This dual price problem is particularly bad with cotton piece goods, rayon, galvanized sheet, ammonium sulphate, non-ferrous metals, vessels, and certain other items.

Mr. Speaker, as I understand the provisions of the treaty in relation to fair trade practices it will be the duty of the government to see that this dual price system is not used by Japanese exporters for the purpose of selling goods in Canada at a lower price than that which exists in Japan. If that is not the effect of the provisions of the treaty, then I think the minister owes it to the house to make a clear statement on this subject of the two prices.

Mr. Howe (Port Arthur): Mr. Speaker, may I interject that our dumping laws are explicit on that point. In other words, if sales are made in the export market at prices lower than those in the domestic market, the provisions of the dumping act would apply.

Mr. Fleming: Mr. Speaker, I think the minister will have to go beyond that statement. If he will recall the discussion we had in this house last December on the government's amendment to the Customs Act, he will find that the Minister of National Revenue (Mr. McCann) denied that a sale in the market of origin at a lower price than that which existed in Canada would be conclusive evidence of dumping. I think the minister must go beyond that. It seems to me that the

government must either give much more resolute and realistic interpretation to the Customs Act or it must make some use of the safeguards in this treaty to which I have made reference this afternoon. If we have entered into this treaty with the knowledge that there exists in Japan today a dual price system in the case of those commodities that are going to be exported in increasing quantities to Canada, then it cannot be said to be an unforeseen development if, as a result of those increased exports to Canada, conditions of acute economic distress follow here.

Mr. Howe (Port Arthur): Mr. Speaker, may I point out that the Japanese have entered into that treaty with the knowledge of our dumping laws. If we apply valuations based on the price in the home market, that is the treatment we give to any country that attempts to dump goods in this market.

Mr. Fleming: Mr. Speaker, I still think that statement of the minister does not go the full length of giving the assurance the house should have on this point. The anti-dumping laws are limited in their effect. We found that to be so in the debate last December. The anti-dumping laws, as they existed prior to that time, were inadequate to cope with the dumping that went on here; and that fact was admitted by the government. The effect of the amendment that parliament passed in December was quite limited. It applies only to end-of-season and end-of-line goods whereas in the case of Japanese exports to Canada, the lines that they are going to be selling here are not the end-of-line and end-of-season goods that we were dealing with, broadly speaking, under that amendment of last December.

Mr. Howe (Port Arthur): I do not like to interrupt the hon. member, Mr. Speaker, but may I say that if there is a two-price system, under the old law, before any revision, and under the newly amended law, the higher price must apply as a basis for duty.

Mr. Fleming: Mr. Speaker, I am afraid that the minister's statement does not agree with my understanding of the practice followed by the Canadian government in its valuation, and as that practice was interpreted by the government ministers last December in participating in that debate.

I have drawn attention to this matter of the dual price system, Mr. Speaker. It is within the knowledge of the government and I think it will be the intention of this house to hold the government accountable for seeing to it that Canadian products are not permitted to be prejudiced by the existence in Japan of a dual price system, or any attempted continuation of it.

I was speaking of the reaction in Canada that followed the announcement of this treaty. Canadian labour has expressed itself. Even before the treaty was announced, but when it was understood that negotiations were approaching a consummation, Mr. Bengough, president of the Trades and Labour Congress of Canada, expressed fears in regard to the treaty, particularly for labour in the textile industry. He urged more consideration before any action was taken to admit more freely into the Canadian market Japanese textile products manufactured under conditions that cannot be compared with our Canadian standard of living. These fears that have been expressed, to which I have made reference, and others as well, emphasize the importance of those reservations and safeguards in the treaty to which I have already alluded. I repeat that we in Canada do not need to import one more textile product in order to create unemployment. Unemployment of serious proportions exists here today. Toy manufacturers have expressed their concern as well. They have drawn attention to the fact that in a recent publication, under authentic sources, average wage rates in Japan last September were shown to be 16·8 cents per hour compared with average wage rates in Canada of $1.10 per hour.

In our approach to this problem we naturally must have regard for what is being done in other countries. What is the United States doing to make it possible for the Japanese to sell more of their products abroad? I have already made reference to the fact that the United States has been most generous in outright economic aid, in giving to the Japanese up to September 30, 1953, since the end of the war net grants totalling $2,439 million. In 1951 United States commodity exports to Japan amounted to $592 million and United States imports from Japan amounted to $204 million. In 1952 United States exports to Japan amounted to $620 million and United States imports from Japan amounted to $226 million. The figures for 1953 are not yet available, but the estimate for 1953, based upon actual figures for the first six months of the year, indicates that United States exports to Japan in 1953 will amount to $574 million and United States imports from Japan to $250 million. That indicates that the United States is increasing somewhat its imports from Japan, but the United States is still selling to Japan far more than twice as much as she is buying from Japan. The United States gave Japan

most-favoured-nation treatment by the peace treaty signed between those two countries in September, 1951. The peace treaty included economic provisions that had the effect of a trade treaty. That treaty was superseded by a regular trade treaty of friendship, commerce and navigation signed in April, 1953, which went into effect on November 4, 1953. That treaty included the same trade provisions as the peace treaty.

Now, sir, there are voices being raised in the United States warning that country that she must increase her imports from Japan if she would see the economy of Japan maintained in sufficient strength, in the face of a rapidly increasing population, to stand the economic rigours in the world of 1954. A press dispatch from Washington of February 23 last reports that Walter S. Robertson, assistant secretary of state for Far Eastern affairs, had testified to the house appropriations committee that he believed an outlet must be found for Japanese trade "or we will inevitably throw Japan into the communist orbit". Then the quotation proceeds:

> "I think we should be doing everything within our power to develop trade for the Japanese throughout southeast Asia", he said. "We must have the co-operation of the British to do this. I think we have to be willing to open our markets and accept Japanese goods here in America to a greater extent than we are doing. It poses a very difficult problem for us. It poses political problems on which there are great differences of opinion".

Undoubtedly, sir, there will be great differences of opinion in the United States over increased imports from Japan, and it remains to be seen whether the United States will follow the high note struck by Mr. Walter Robertson in his testimony before the house appropriations committee on that occasion. Canada does not want to be found wanting in taking her fair and rightful share of the burden and responsibilities of assisting, in the world in which we live today, in promoting a degree of health in the Japanese economy when we consider the strategic position that that country holds in east Asia. But, sir, I do not think that we propose to prejudice the interests of Canadian workmen unless the United States is prepared to take her full share of the burden and responsibility.

What of the United Kingdom? The United Kingdom, after the difficult trade and balance of exchange position that developed in 1951 and 1952, took steps to impose restrictions against the importation of Japanese exports into British colonial markets, particularly those in southeast Asia. That was done in view of the difficulties facing the whole sterling group. On January 29, 1954 it was felt by the government of the United Kingdom that conditions had sufficiently improved to warrant their signing a new agreement with Japan. It was discussed in the British House of Commons on February 1, 1954. The agreement did remove the restrictions that had been imposed on Japanese imports into the British colonial markets, and it meant of course that the advantage that had been enjoyed under those restrictions by the textile and pottery manufacturers in particular of the United Kingdom was gone.

There was a substantial outcry in the United Kingdom over this treaty, particularly from the textile and pottery industries, and it was attacked by the Labour opposition in the House of Commons. Nevertheless the position taken by the British government was that regard had to be had for the position of Japan and that the British government was not justified in continuing to impose import restrictions in the British colonial areas against imports from Japan. While I do not propose to dwell on the subject, I do draw attention to the fact that the British government, taking note of the fact that the sterling area had sold to Japan in the previous year twice as much as the sterling area had purchased from Japan, decided that it must face up to the fact that a way had to be found to permit the Japanese to sell more goods abroad in the sterling area.

Now, sir, I come to my conclusion, and I apologize to the house for having been so long in coming to it. I can only say in extenuation that this is a matter of high importance on which I think none of us can come to a conclusion without very careful regard for all of the factors I have sought to lay before the house today.

How should the house react to the resolution now submitted to us? Sir, I cannot dismiss from my mind measures such as the Colombo plan and the spirit in which we entered into them. Under the Colombo plan we took note of the economic conditions in the three self-governing nations of the British commonwealth in Asia. We indicated that we Canadians were prepared to take a share of the responsibility of assisting those sister nations to strengthen their economies. It is quite true that the Japanese trade treaty is not quite the same kind of plan as the Colombo plan. We are not being asked to make gifts to Japan. Nevertheless there are some facets of the spirit of the Colombo plan that it seems to me are directly relevant to our consideration of the Japanese trade treaty.

We took account then of the necessity of strengthening the economies of free nations in Asia, knowing that on the northern border of India today stands communist China, having swallowed up Tibet. We took account

also of the pressures upon the economies of those countries. We took account of the fact that the communist party is active today in countries like India and Ceylon. We thought that we had some share of responsibility for trying to assist democracy in those countries to survive these attacks of a sinister, cruel and materialistic creed. We believed that we could make a contribution to the peace of the world through better trade relations.

Are we justified today, sir, in shutting out Japan from our consideration in matters of that kind? It seems to me that, while we do not put Japan in the same position as we do our sister nations of the commonwealth in Asia, the spirit that dictated the action that we have taken in making annual contributions through the Colombo plan cannot be dismissed from our minds in relation to the resolution before us today.

All of us here believe that we can make a contribution to better understanding, to more friendly relations between the peaceful nations of the world if there is trade between them on a proper basis. I believe, therefore, that in deference to our responsibility to make Japan feel there is a place for her amongst the democratic nations of the world, we must take account of the necessity of maintaining a degree of health in the economy of Japan which depends so substantially upon export trade for her economic survival.

The second factor that I mention in this conclusion, sir, is this. We have entered into an era of competition such as we have not known for a decade and a half. The atmosphere of world trade is going to be far more competitive in these days immediately ahead of us than it has been since the outbreak of war in 1939. Britain is finding it today. Germany, due to the tremendous exertions of the German people in this postwar period, is a factor in the export markets of the world today, far greater than we have experienced since 1939. Now Japan, under this treaty, will possess a position in the Canadian market that will enable her to come into the most direct form of competition with Canadian products. It will be a calamity for all Canada if rigidity in the Canadian economy, high costs of production including the high cost of government, prevent the Canadian producers from meeting that competition on fair terms.

In this respect I should like to quote from a statement that appeared recently in a newspaper that is normally regarded as favourable to this government. It is the Ottawa *Citizen* of April 2, 1954, commenting directly on this treaty. It says:

> Rather than respond by giving Canadian manufacturers additional tariff protection, the Canadian government might well consider revising downward its own sales taxes. This would put Canadian business in a better position to compete with American goods, and incidentally with those from Japan and other outside sources. It is true that the lost revenues must be made up. Apart from resort to higher taxes in other fields, the government might find itself taking in more money from taxes at the reduced level, because of the stimulating effect on domestic business.

If Canadian producers—and I am thinking principally of Canadian workmen—find themselves confronted by competition from Japan which they find to be unfair, then I say that the government will have to bear its full share of responsibility for what it contributes through high cost of government and high taxes towards high Canadian costs of production.

There is one matter that I think should also be mentioned, Mr. Speaker. It is not a matter of the same far-reaching importance and extent as the matters I have just mentioned, but I do recall that the Canadian Manufacturers Association, in a submission to the government on November 12, 1953, on this subject, among other recommendations, said this:

> That a marking provision be incorporated into the agreement—

That was the forthcoming trade agreement between Canada and Japan.

> . . . requiring that all fully-finished manufactured Japanese goods be marked, stamped, branded or labelled in legible English or French words, in a conspicuous place, so as to indicate the country of origin. In advancing this proposal we desire to point out that all goods which are imported into the United States from Japan are required to be clearly marked with an indication of the country of origin.

It is no disparagement of the Japanese to say that they are great imitators. For that reason, as well as for other reasons that are too obvious to require mention now, I do urge that effect should be given to that recommendation that was submitted to the government last November.

The safeguards under this treaty which have been stressed by the minister, both today and on March 31, are something that we rely upon in giving our support today to the treaty. These safeguards can remain simply a dead letter, a jumble of words in this treaty, unless there is and will be on the part of our government a resolute determination to make these safeguards effective for the purpose for which they have been written into this treaty and for which we are relying upon them today. If they are permitted to remain a dead letter, if the kind of occasion contemplated by these safeguards arises, then we will be calling this government to account. In the meantime, we say to the government we are taking due note

of these reservations and safeguards. You have stressed them in asking the house to give adherence to this treaty. We are relying upon your assurance. We look to you to make that assurance good one hundred per cent.

Then, sir—and this is perhaps something that confronts any opposition in relation to a government measure of this kind in recognizing its far-reaching importance—the government has, by a series of secret negotiations, arrived at an agreement with the Japanese government. The country was told singularly little, indeed nothing of any importance, about the course of these negotiations. We do not even know who were the negotiators on behalf of Canada. The government, with the knowledge that is available to it in the departments of government principally concerned, has chosen to enter into this treaty and to ask the house to approve it. A very heavy measure of responsibility consequently rests upon the government.

We in this house can deal with this only in general terms, in principle, and it is on the basis of principle that I have approached the treaty today. I remind the house again, and I hope if questions later arise the country will bear this in mind, that all that is afforded in this House of Commons in relation to this treaty is an opportunity at one stage today to discuss the treaty in general terms. There is no opportunity afforded to us to ask questions, to dig into this question and that question that naturally arise in relation to the treaty. We have no opportunity to question the minister. We have no opportunity to question the officials of the Department of Trade and Commerce or the Department of External Affairs. The government takes the responsibility for negotiating this treaty. It takes the responsibility for asking the house to approve the treaty. We are prepared to do so in principle with the reliance that I have indicated that we place upon the solemn assurances given to us—and it is on that basis and that basis alone that we proceed today.

Finally, sir, may I express the hope that I am sure is entertained by every hon. member in this house, that in approving this treaty today we are not unmindful of the problems involved, we are not unmindful of the problem it presents particularly to producers of Canadian textiles, steel products, electrical products, and others of the various categories that I have mentioned, we are not unmindful of the responsibility that will rest upon us as an opposition to see to it, so far as we can, that the government is reminded whenever occasion arises of the responsibility that it assumes under this agreement to make those safeguards effective.

On the other hand, Mr. Speaker, it is I know in the mind of every member of this house that we today, in an angry, tumultuous world, a world in which there is still so much of strife, of discord and bloodshed, may somehow through this means make a contribution to the restoration of a spirit of friendship and good will for the people with whom we were not long ago engaged in deadly war, but who we hope, through means like this, may be brought into a wholesome and friendly and lasting relationship with our country and with other democratic and peace-loving countries in a family of nations who desire that their relationship together shall be characterized by friendship, good will and neighbourliness.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in common with other members in the house and all parts of the house we welcome the opportunity to discuss this treaty. I am sure that throughout the house it is hoped that this treaty may prove beneficial to Canada, beneficial to Japan and beneficial to the world as a means of promoting good will and peace among all men.

As I sat here this afternoon listening to the hon. member for Eglinton (Mr. Fleming) and the exhaustive analysis he gave of both the treaty and matters connected with the formulation of such a treaty, I thought that his speech illustrated the difficulties and, indeed, the contradictions which abound in relationships of this sort in the world at the present time. I think that on a reading of the speech that he has made those contradictions will be quite apparent to the reader, as they were to those who listened to the speech this afternoon.

First, I want to say that I agree with him that it would have been preferable to have referred this treaty to the banking and commerce committee in order that we might investigate it rather more fully. I fancy I heard him say ". . . as we did with the general agreement on tariffs and trade". If he said that then it is not my recollection. My recollection is that the general agreement on tariffs and trade came into this house, the house was called especially to consider it, but it more or less died on the order paper without going to committee. I think it was the intention of the government of the time that it go to committee but I have no recollection of it going there and certainly no recollection of any report coming back or of this house having had an opportunity to approve or disapprove of that agreement.

Mr. Howe (Port Arthur): The government has never ratified that agreement.

Mr. Coldwell: No. We have never had an opportunity of expressing approval or disapproval, and the government has never ratified it. I do not think it went to the banking and commerce committee.

Mr. Quelch: It went to the committee but the committee never made a report on it.

Mr. Coldwell: I was just trying to think what happened to it.

As I was saying, there are contradictions in trade relationships, but nevertheless I think the house has to approve of a treaty of this description because, after all, Japan is a great and important nation. My thoughts this afternoon wandered back not only to pre-war years when we were supplying Japan with copper, scrap iron and all the rest of it—material that was used at Pearl Harbor and other places against our own people and own allies—but I was remembering the speeches that were made in this house during the war. I do hope that out of the revived Japan we shall get a democratic Japan; that we shall not get another Japan rearmed and led by militarists once again to become something of a threat to the world, alone or even in co-operation perhaps with others who may threaten the peace of the world at any time. There is no saying what may happen because Japan today is cut off from the markets which she once had as her primary outlets—Manchuria, Korea and China. She is competing for what trade remains in southeast Asia.

As the hon. member for Eglinton said, a population of 85½ million people, increasing at the rate of 1·2 million per year—I think that was the figure he gave—occupying a territory two-fifths of the size of British Columbia with only 15 per cent of the whole area arable, is bound to seek both food and outlets for the commodities which it must manufacture in order to obtain both food and raw materials.

For example, in the years 1934-36 manufactures exported from Japan represented 80·7 per cent of the country's exports; 71·6 per cent of the imports by Japan were in the form of foodstuffs and raw materials. That indicates how dependent Japan is for her very existence both on the food with which she must sustain her people and on the exports which she must send abroad in order to pay for the raw materials and the commodities she requires.

We are told that—and this is the year 1952 that I am speaking of—90 per cent of all exports were manufactured goods and that foodstuffs and raw materials accounted for 86 per cent of the imports. All ten of Japan's most important imports are raw materials. Silk is the only raw material exported in quantity. I think that gives a very clear picture of the position in which Japan finds herself. It offers opportunity for Canada—if we can grasp that opportunity. Representing as I do a western and wheat growing area I am, of course, impressed not only with the possibilities of maintaining the market we have established in that country for primary products from the prairie provinces, but also with the possibility of extending those exports.

The demand for Canadian wheat, as the minister indicated this afternoon, has grown steadily over the past several years. The rising demand for wheat products in Japan stems of course first of all from the very rapid increase in population in that country, the changed habits of food that they have acquired in the post-war years and the fact that they have been cut off from the sources of rice upon which they so largely depended in bygone days. The result is, we are told, that not only adults, but more particularly the young people in adolescent years, are becoming accustomed to new cereals, and those new cereals are of particular interest to us because, as the figures produced by the minister and by the hon. member for Eglinton indicated this afternoon, they are wheat and barley, two very important cereal products that we produce in vast quantities in this country.

The United States has been the leading supplier of wheat in the post-war years, but our supplies of wheat to that country have been increased quite markedly. Of course Japan does raise wheat herself, but oviously from the amount of arable land in the country and the fact that rice is grown in large quantities in the country it is certain that Japan will never be able to raise enough food, and particularly cereals, in order to feed herself.

Then of course we are given to understand that over the past few years there has been an increase in meat consumption. To some extent the Japanese have turned from fish to meat for their proteins, and that again means that there is demand for cereals for stock feed and cattle feed, and so we can take that into account.

What our wheat board has to bear in mind is that under the present circumstances, with the amount of cereals available for disposal on the markets of the world, they are in a very competitive area when they try to sell wheat in Japan, and they should do everything possible to promote the sale of it. But it is not only the sale of our wheat that is necessary. If Japan is to buy Canadian

raw materials, lumber, minerals, wheat, barley and so on, then she must be enabled to pay for those products, and there is only one way in which nations can pay for the products that they buy, that is by sending abroad something that is saleable and something that will give them the necessary funds with which to pay for their imports. Therefore a trade treaty of this description is of primary importance to the producers of our raw materials in Canada, and, as the hon. member for Eglinton has well emphasized, of primary importance also to the people who work in industries that may be competitive or that may find some competition from the Japanese sources.

When this trade treaty was under discussion, and of course before we knew anything about its contents, in its initial stages I was very pleased to see that the representative of Japan in this city made it very clear on November 3 last that Japan could never balance her trade with Canada even if we gave her lower tariffs. He then went on to say that she would have to reduce the gap between her imports from Canada and her exports. He said:

> . . . if the agreement goes through, Japan likely will be concentrating on Canada's big market for capital goods, rather than on such consumer items as toys, novelties and other sundry items.

And further:

> These sundry items, small in price, did not help to boost the total sales figures to Canada by any great amount. Capital goods involve expenditures of great sums of money and thus might help narrow the trade balance gap.

Well, we all hope that that is so. It seems to me that in this treaty the government has attempted that, without raising tariffs, indeed lowering tariffs, because let us bear this in mind that the increase in trade with Japan in the last few years has been an increase under the general tariff, and it is now proposed of course to give Japan the most-favoured-nation tariffs.

As the hon. member for Eglinton pointed out, there are attempts in this treaty to safeguard Canadian industry which might be affected by unfair competition. Unfair competition is very difficult to define. I am one of those who believe that we should do everything we possibly can to remove the barriers to trade across the world, and to give our own people an opportunity of entering world markets as well, at the same time, doing whatever we can to see to it that our producers are not subject to what might be termed unfair competition, though the words "unfair competition" are at best very difficult indeed to define.

It seems to me that this treaty will help to bring about better relationships and may give us a better market for certain of our products that of necessity we must send abroad. I noticed the figures given by both the minister and the hon. member for Eglinton of the exports and imports of last year. In round figures our exports to Japan amounted to $119 million worth, and our imports, in round figures again, to about $14 million worth. I also read—I have not it before me, but my recollection is quite clear—the speech that the Prime Minister (Mr. St. Laurent) made in Tokyo when he was visiting there on his world tour. I read that speech very carefully at the time, and I remember the Prime Minister pointed out that while there seems to be a very large gap, $8 for $1 in connection with this trade, yet this does not present a wholly fair picture; that we do import certain Japanese goods indirectly by way of some other countries. Possibly the Prime Minister was thinking of the United States. If that is so, it would help our trade relationships with Japan if we could import those commodities directly into this country, Japan thereby earning Canadian dollars instead of United States' dollars with which the Japanese importers could purchase Canadian goods. I hope that that may be one result of this treaty.

There are a number of provisions in the treaty, which I am not going into because the hon. member for Eglinton went into them very thoroughly, which may be applied, duties which may be applied and evaluations which may be applied, and so forth. The main interest that any of us can have in this treaty is that we hope it will promote the welfare of Canada as well as of course the welfare of the people of Japan; that it will be mutually beneficial; and in spite of the fears that have been expressed this afternoon, we are doing the proper thing in approving of this treaty today and giving it at least a fair trial.

I know it can be said, and said quite accurately and truthfully, that prior to the second world war certain unfair trade practices were indulged in by Japan. A couple of weeks ago, while doing a little packing for storage purposes, I had a look at some china and I noticed on one piece the quite large letters "U.S." and then very small letters "Pat"—"United States patent", and almost so small that you had to have pretty powerful glasses to read the little word underneath "Japan". You would imagine if you picked it up casually and took a look at it that it was of U.S. manufacture. Those people from British Columbia will recollect how there were certain cans of fish marked "Can" and most people thought that that was indicative of an article produced in

Canada and of course it was not. Now the Japanese government agrees to discontinue these unfair trade practices. I hope that if we indulged in any unfair trade practices ourselves that we too will undertake to do away with them.

A short time ago I brought to the attention of the house weaknesses in our legislation regarding the marking of countries of origin, and the new act has now been proclaimed. I hope it will have some effect at least in this particular matter.

However, in spite of the fears which have been expressed, fears which I know are legitimately held by the workers, for example, in the textile industry, I hope these fears will be unfounded and that we may find this treaty of benefit to all classes of producers in Canada, because there is one thing to be said and that is that if we have prosperous producers in one field of industry, then that in the main is reflected in other fields of industry. If our western farmers are able to dispose of their cereals advantageously then they have money with which to buy, not Japanese textiles, but large quantities of Canadian textiles, although they may still buy a small number of textiles originating in Japan. In other words, I hope a treaty of this description will assist the health of the entire economy of this country. I do not wish to repeat what the hon. member for Eglinton has said. I know he will not misunderstand me when I say he has put before us all the contradictions to be found in trading relations of this description. But I hope we may straighten out these contradictions and find this treaty mutually beneficial to Canada and to Japan.

Mr. Solon E. Low (Peace River): Mr. Speaker, I have listened with real interest this afternoon to the speeches made by the minister and the spokesmen of the other two parties in connection with the agreement on commerce between Canada and Japan. As I listened to those speeches I could not escape the feeling that it is terribly difficult, when we come to consider matters of trade and commerce, to lay down any hard and fast rule which will work successfully in all cases for our people. I hope I shall not be guilty, therefore, of trying to lay down any hard and fast rule in connection with what I shall have to say this afternoon.

I was very pleased to see that Canada has not treated Japan as vanquished countries have so often been treated after wars in the past. I take real satisfaction out of the fact that Canada, through this treaty and in other ways, is according to the Japanese people the kind of honourable treatment which ought to be extended to them by a mature people with a well developed social conscience, and I do believe that that is the kind of treatment Canadians are according to the Japanese people.

I have examined the terms of the agreement most carefully. I have listened to the speeches made this afternoon by the minister and the hon. members who followed him. It seems to me that the agreement adequately safeguards Canada's interests. I say that because I discovered through my reading of the treaty that British preferences are not interfered with, and we are free to apply dumping duties in the event that Japan at any time should resort to dumping goods on to our market at unreasonable prices. It just occurs to me though how absurd the world situation is when we have to cry out against being able to buy things too cheaply. However, there it is; it is just one of those absurdities you come across when you talk about the world of trade.

Coming back to the safeguards which I think are in the treaty, though the most-favoured-nation principle occupies a prominent part of the agreement escape clauses have been provided which make it possible for either party to apply trade or exchange restrictions if necessary in order to safeguard its external financial position and balance of payments.

I would like to comment just briefly on the most-favoured-nation principle. That principle plays a very prominent part in the treaty. It is included in article I, as a matter of fact. Now, this is sometimes called non-discrimination, and in my experience a good many people have been bowled over by the sound and connotation of that expression "non-discrimination" and they chew on it, adhere to it, or so they say, with almost religious zeal and fanaticism. But what they do not seem to realize is that the unconditional, and I emphasize that, most-favoured-nation principle was invented by the United States as a means of completely destroying the British preferential system so that whenever it suited her purpose she could break into the game and with her great industrial power dominate world trade.

The United States has demanded the acceptance and the inclusion of the unconditional most-favoured-nation principle in all international trade treaties and agreements for many years. All during that time, strangely enough, she has been striving with all her might, and one can say with her magnificent capacity, to make herself self-sufficient. Now, if you ever want some contradictions take a look at that. Today, the United States, for all practical purposes, is in that position of self-sufficiency. All during the days when

Great Britain, Germany and Japan exported goods to the amount of no less than 20 per cent of their total national income, the United States was exporting only six per cent gross, and if inter-company relationships were eliminated from that six per cent the total of her exports would not be more than about three per cent of her national income.

I cite these figures only to show that while most countries in the world have continually to depend upon foreign trade to a very large degree and therefore have done nothing to adjust their thinking toward the development of home markets, the United States was moving deliberately and rapidly toward a position of self-sufficiency, in which position she would not have to depend to a very large extent on foreign trade.

The other nations were blind to what was going on, or they appeared to be; and therefore the unconditional most-favoured-nation principle was slipped over on them. But since the adoption of the unconditional most-favoured-nation clause in trade treaties, we have operated on the escape clauses more than on the principle itself. It appears that in the present agreement with Japan provision has been made to continue on this line, namely operation on the escape clauses more than on the principle.

The agreement we are considering is, in reality, a bilateral agreement including the qualified most-favoured-nation clause. I was particularly glad to find that we did not insist upon inserting in this treaty the unconditional most-favoured-nation treatment. That fact indicates that we are really ready and willing to give the Japanese people a reasonable chance in the world of trade.

Finally, the present treaty expresses Canada's right to apply export or import restrictions under our security legislation. It therefore seems to me that there is little to worry about so far as the wording of the treaty is concerned. How it will work out in the future we do not know at the present time. We certainly hope that it will work out well. I notice, however, that one of the terms of the treaty is that it shall stand for one year and after that period can be terminable upon three months' notice by either party. Hence it is not a thing which could not be corrected if we found conditions under it growing intolerable.

Many Canadian people are showing some concern lest the agreement with Japan result in harm to them and to industrial enterprises in this country. What are we to say to these people? For example, a few days ago I received from certain toy manufacturers in Canada a letter in which they complained about the possibility of harm to their industries under this treaty. The question is this: What are we going to say to such groups as that?

In the first place, the agreement itself says that either party may deviate temporarily from the terms of paragraphs 1 and 2 to prevent undue damage to the industries of either country through the full application of the terms of the treaty. That provision in itself is some safeguard. In the second place, I think we ought to keep in our minds the thought that to be fair in this world today we must adopt a policy of "live and let live". Certainly that should be the cardinal principle of all our external relations. Japan therefore must be allowed her proper place in the world of trade and must be allowed an amount of trade which will make it possible for her people to find employment and to live on a decent standard.

The terms of the trade agreement are not, in my opinion, more generous towards Japan than they should be. We ought to have regard to what was done to Japan by the peace treaty which was signed in 1951, if I am not mistaken. Let us not forget also that Japan felt she had been forced to resort to war in order to break out of unbearable restrictions that, over the years, had been imposed upon her trade before 1940 or 1941. I have read statements by high-placed Japanese in the pre-war years which definitely point to a feeling of aggravation at those restrictions, particularly the restrictions placed upon Japan by the unconditional most-favoured-nation clause.

I am conscious of the fact that for many years perhaps Japan practised unfair trade arrangements; that is, she resorted to unfair trade practices. That matter has already been stressed by the hon. member for Rosetown-Biggar (Mr. Coldwell) this afternoon. But they had the feeling—and they have expressed it in no uncertain terms—that they had to resort to force in order to break out of the extremely vicious type of aggravating restrictions placed upon them in their trade relations prior to 1941.

It seems to me, Mr. Speaker, that we should also be reminded that the treaty of peace signed with Japan in 1951 substantially reduced Japanese territory. As I pointed out at the time when we were discussing that peace treaty, that reduction was exceedingly serious as it had left 85 million people with not nearly enough land on which to produce the food they needed. Some of the richest and most important rice-producing areas were taken from them, a circumstance which doubtless accounts for the fact that in this

past year they have been importing substantial amounts of wheat and barley from Canada.

I was well pleased to hear the minister say this afternoon that Japan had become our third largest customer so far as wheat is concerned and that she had also bought substantial amounts of barley from us. In these and other things Japan is now and, in my judgment, can continue to be for many years, one of our best customers. She is nearest to our great Pacific ports from which we export great quantities of cereal grains. However, we in this group adhere to the principle that trade must be a two-way street. The Canadian people should take note of the fact that last year we bought from Japan, according to the minister's own words this afternoon, only 30 cents' worth out of each $100 worth of our Canadian imports. That is a fairly small figure for imports from a country that is our third best wheat customer.

I agree with the minister that there is plenty of room for imports into Canada from Japan. Indeed if we want to cultivate markets in Japan for our products, we must buy Japanese goods in return. As was said by the hon. member for Rosetown-Biggar, that is the only way in which the Japanese people can pay for the things they want to buy from us. It is of particular importance that we cultivate a permanent market for our wheat. I say "particular" in the light of the huge carryover from previous years that we have in Canada of cereal grains. Japan is and always has been seriously short of food materials, particularly good cereal grains and proteins. When I mention proteins, let me say that perhaps the years ahead may see an expansion of our exports to Japan of protein foods if we make wise use of the opportunities afforded by the agreement we are now considering and of the concessions granted to Canada under that treaty.

Those concessions spoken of by the minister this afternoon put the Canadian producer into a fair competitive position in Japan. Those Canadians who oppose the ratification of the treaty—and I suppose there will be a number of them—should be told that, generally speaking, a fair-competition policy will handle the situation for them as it will for everybody else. We put forward the view that our aim should be to build up in Canada a balanced economy, one wherein agriculture and industry are in fair balance. We think that is the safest type of economy in all times—in wartime and in peacetime—and the most useful type in a world which so often is the scene of conflict and strife. It therefore seems that we must have in Canada more industry employing more people. But of course the big question everybody asks is this: What industry?

Again we face a problem of trying to lay down something like a hard and fast rule, but we cannot do it. Therefore we have to be guided by considerations of the time and of the circumstances under which we live. There are, it seems to me, those industries which are absolutely essential at all times, in wartime and in peacetime. There are those industries that are essential in times of war and of world dislocation, but perhaps only desirable in times of peace. Then there are those that are essential neither in time of peace or war. These could be called desirable just the same as the others if they turn out useful goods and services and give employment to our people under fair conditions.

But in any case where any of these industries do put pressure on the government for protection against Japanese fair competition in our market, we think that the government should most carefully examine the whole situation in each individual case to make sure that we do not in any case militate against Canadian consumers by extending protection to industries that have not done their utmost to keep down their costs to efficient levels by every means possible, including the plowing back of a substantial part of their profits into plant improvement and modernization. Here again, Mr. Speaker, I say that it is pretty difficult to lay down any hard and fast rule, but that at least seems to be the expression of a principle that might guide us in determining what should be done in any case where an industry feels that it is in danger as a consequence of this treaty.

We are likely to hear protests from the textile industries. How are we going to treat those protests? That is another question, and certainly it is hard for me to say what should be done. But I remind the house that some years ago the government of Canada established what was known as the Stevens committee to investigate the textile industries and others. It had to do with price spreads and that sort of thing. The Stevens committee discovered that Canadian textile industries were inefficient. They paid poor wages and took large profits, little of which was turned back to modernize plants and keep them up to date.

It seems to me that kind of industry does not deserve protection against fair competition at the expense of the Canadian consumer. Maybe the situation has changed. It may possibly be that the Canadian textile industries have improved the whole situation since

the days of the Stevens investigation, and if so consideration should be given to that fact. But let me emphasize again that the government should not be pressured into extending protection to any industry without the fullest consideration of all the facts and careful measurement of the value to our country and the world of those industries, as well as the position in which our consumers would be put as a consequence of what might be done.

We are not forgetting, Mr. Speaker, that the success of this treaty, as well as the health and vigour of Canadian industry, will depend very largely on how we put our own house in order. There must be a careful and critical review of our taxation structure to ascertain what effect our taxes are having on costs and on our competitive position. I agree with the hon. member for Eglinton (Mr. Fleming) that as we enter this period of intensive competition with countries like Japan, Germany and others that have revived wonderfully from the effects of war we have got to be more cost conscious than ever before in our lives. Consequently it seems to me every effort should be made to reduce taxes, especially those that are imposed on commodities and that pyramid costs and push up prices.

To be in a healthy condition our home markets should constantly be in possession of adequate purchasing power to enable the Canadian people to purchase all of the production of Canada if they want to buy it. In that favourable position we can, when we export goods to Japan or any other country, import goods of equal over-all value from those countries with confidence that these imports can be sold and used by our people. Under circumstances like that we would not have to resort to the practice of maintaining unfavourable trade balances at the expense of other countries, and therefore one of the main causes of war would be removed.

I think it might have been wise to have the agreement considered by the banking and commerce committee, and perhaps the minister may yet agree to have that done. In any event we think that the treaty does adequately safeguard Canada's interests while at the same time giving Japan a chance for a fair share of our trade. Consequently we approve ratification, and in approving it we express the hope that the treaty will be one of the big factors in cultivating peace, good will, security and prosperity in the Pacific area and in the whole world.

Mr. A. W. A. White (Waterloo South): Mr. Speaker, I rise to take part in this debate on the Japanese trade agreement because I feel that the agreement when it is ratified will have a far-reaching effect on many industries in this country, chief among which is the textile industry. In my maiden speech last year I attempted to direct the attention of the house to the decrease in the number of people employed in the fourteen textile mills in Galt, Preston and Hespeler, and since that time the situation has not improved but has grown gradually worse. In the year 1950 the textile industry in Canada which is composed of two branches, primary textiles and secondary textiles, employed approximately 200,000 people or one-sixth of our total industrial labour force. This industry is therefore one of the largest employers of industrial labour in Canada.

The number of people employed in the primary textile industry has gradually dwindled until today there are less than 82,000 textile workers employed in this branch of the industry in Canada, and a large number of these are on short time. During the past number of months nineteen textile mills have closed their doors and it is very doubtful if any of them will ever open again under present conditions. A number of the larger mills are located in large industrial cities and undoubtedly many of the unemployed textile workers in these centres have since been absorbed in other industries, but the majority of the textile plants are located in small communities and are the main source of employment. Such is the case in the town of Hespeler in my riding. In this small town, with a population of 3,400 people, there were 1,415 people employed in 1950 in the Dominion Woollens and Worsteds mill and the Artex mill whereas today there are only 847 people working in these two plants, and they are on short time.

While I was home during the Christmas recess workers and management voluntarily accepted a 13 per cent cut in wages to help keep the Dominion Woollens and Worsteds mill operating. Many of the employees of this mill have their whole life savings tied up in their homes in the town of Hespeler, and the closing of this mill would cause them to lose everything that they have worked for. This was a sincere effort on the part of management and employees to protect their jobs and their homes by this action. In addition, the entire business life of this community is almost entirely dependent on these mills continuing to operate. I know from communications that I have received from the board of trade of Hespeler, as well as the workers, that they are not too optimistic about the future of the textile industry under conditions as they exist today.

What has happened to the textile industry in Canada? Certainly any suggestion that the industry has overexpanded or is inefficient in my opinion is not borne out by the facts. In the period from 1935 to 1939 the textile industry in Canada was supplying 73 per cent of the domestic market. In 1950, with full employment, this industry was only able to supply 68 per cent of the domestic market. I do not believe, therefore, that the suggestion the industry has overexpanded is true. These statistics establish, in my opinion, that with the increase in population and the increase in purchasing power of the Canadian people the textile industry was not able to supply as large a portion of the domestic market in 1950, even with full employment, as it was able to supply in the years from 1935 to 1939.

It was pointed out also in this house by the hon. member for Lanark (Mr. Blair) that the textile industry had spent $450 million for modern equipment since the end of world war II, bringing the production of the industry to the highest point of efficiency. Any suggestion that the textile industry in inefficient, therefore, is in my opinion not a valid one. The amount of textiles being purchased in Canada has been increasing each year since 1950, yet the amount of textiles supplied by the Canadian mills has gradually dwindled until today the textile mills in Canada are only sharing the domestic market to the extent of 51 per cent. I can only conclude from this information that the depressed condition in which the textile industry finds itself today is, to a large extent, due to the ever-increasing quantities of imported textiles being sold on the Canadian market.

The Canadian textile industry faces competition from cottons and synthetic materials from the United States and Japan, while their competition in woollens and worsteds comes from the United Kingdom and the rest of Europe. The average rate of wages paid textile workers in the United States is $1.37 per hour, compared with $1.11 per hour in Canada. This difference in wages, with the addition of the present rate of duty applied against the American textiles, is offset to a large extent by the fact that the United States manufacturers have a potential market ten times greater than the Canadian industry, which is limited almost entirely to the domestic market because of the higher rates of duties prevailing in other countries.

The United States textile manufacturer, with his greater potential market, will run off an average of 100,000 yards of one material, whereas the Canadian textile mill will have only an average run of 1,000 yards. This, in itself, increases the production costs of the Canadian industry by approximately 35 per cent, because after each run of cloth it is necessary to make certain changes and to clean all the cards. The Canadian textile manufacturer is also confronted with another type of competition from the United States. It is the dumping of surplus goods. I was very glad this government recognized that this unfair trade practice existed, and took steps to correct the situation by the passing of Bill No. 29 at this session.

As I stated before, the Canadian textile industry is also confronted with competition in the field of cottons and synthetics from Japan, where the average hourly rate of wage is 13·9 cents per hour as compared with $1.11 cents per hour in Canada. This competition is serious enough with the present rate of duty, and will become more serious if Japan is given most-favoured-nation treatment. The Canadian textile mills are now facing competition in the fields of woollens and worsteds from the United Kingdom, where the hourly rate of wages is approximately 40 cents per hour and from other countries in Europe where even less wages are paid.

I know that there are many reasons why a trade agreement with Japan is necessary. I know that last year Japan bought Canadian wheat and other primary products, as well as some of our natural resources, to the value of $119 million, and that Canada purchased during the same period from Japan only $14 million worth of the goods that Japan had to sell. It is quite obvious that Japan cannot continue indefinitely with such an unfavourable balance of trade with this country. I recognize also that Japan is the one bulwark of democracy in that part of the world. If we refuse to trade with her on some fair basis, we would inevitably be driving her into the hands of the communists.

I am convinced, however, that if Canada and Canadians are going to continue to enjoy the second highest standard of living in the world, then there will have to be a complete revision of our tariffs in relation to those countries where wages are so much lower than our own. If that is not done we will be confronted with more and more industrial unemployment. In my opinion it would be a backward step to lower our standard of living in order to compete with these nations. The member for Assiniboia (Mr. Argue), in his speech during the budget debate on April 13, 1954, as recorded at page 4036 of *Hansard*, said:

If you want to correct unemployment in Canada, put some purchasing power in the pockets of

western farmers. Take steps to buy their grain, and in my opinion there will be no unemployment in a matter of a few short months.

The western farmer is no different from anyone else, and if he can buy imported goods cheaper than he can buy Canadian-made goods he is going to do so. This scheme is not going to correct industrial unemployment in this country. No Canadian industry can ever hope to compete with manufactured goods in those countries in which the wages paid are so much lower than those paid in the Canadian industry, no matter how much the industry improves its efficiency or methods of production. The impact of competition in manufactured goods from these low-wage countries is being felt by some other industries in Canada in addition to the textile industry.

Another such industry is the machine tool industry in this country, which was so important to Canada's war effort. The Canada Machinery Corporation in the city of Galt, which normally employs 300 or more persons, now has a payroll of only 90 people, and the R. McDougall Company is equally hard hit. There is no doubt in my mind that Japan has a substantial machine tool industry because such an industry was very essential in order for her to participate in the last world war. Since the machine tool industry in Canada is in a depressed condition from competition with the low wage countries in Europe where skilled mechanics get 50 cents or less per hour compared to $1.62 an hour paid in Canada, it would seem to me that any large imports of machine tools to this country from Japan would almost be a final blow from which the industry would find it exceedingly difficult to recover.

The devaluation of the pound and the premium commanded by the Canadian dollar has had the effect of reducing the present tariffs still further. Therefore I would suggest that the tariff board should be authorized and instructed to review our entire tariff structure in the light of conditions as they exist today in order to determine what impact foreign manufactured goods, especially those from low wage countries, have on our domestic industries. I believe that this should be done as soon as possible so that the government will have this information before it when the general agreement on tariffs and trade comes up for review next year.

In going over the Japanese trade agreement I was very glad to see that the agreement is only for one year and can be terminated by either of the contracting parties on three months' notice at the end of the year. I was also very pleased to see that in this agreement there was included an escape clause which allows Canada to place its own values for duty purposes on any Japanese products which, as a result of the said agreement, are being imported into Canada in such increased quantities and under such conditions as to threaten serious injury to Canadian producers of competitive products.

This agreement secures for Canada another potential market for its primary products and natural resources which is very desirable, but in return Canada has extended most-favoured-nation tariffs to Japanese manufactured goods which in effect applies the same rates of duty against Japanese manufactured goods as are at present applied against manufactured goods from the United States and other nations who are included in the general agreement on tariffs and trade. This places Japan in a preferred position in competition for the Canadian market since the wages paid in their country are so much lower than those paid in the United States and other countries of Europe. Even if the escape clause is used it only means that Canadian industry has another competitor for its domestic market in the same category as the low wage countries of Europe.

I therefore repeat again and strongly urge that the tariff board should be directed and instructed to investigate our entire system of tariffs in order to determine the impact imports from low wage countries have on our domestic industries so that with this information adjustments can be made in our tariffs that will permit Canadian industries to have an opportunity at least to compete in our domestic market with manufactured goods imported into Canada from countries where wages are so much lower than in our own.

In my opinion we would then be creating an economic climate in our country which would permit industry and agriculture to prosper side by side.

Mr. A. B. Weselak (Springfield): Mr. Speaker, I welcome this opportunity at this stage of the debate to say a few words of a general nature in support of the government's action in entering into the trade agreement with Japan. My reasons for so doing stem from several considerations, foremost among which are our export trade and our continued resistance to the expansion of communism in eastern Europe and Asia.

Japan in the last war was one of our bitterest enemies and fought us and our allies with all the resources at her disposal. Upon the termination of the war, on September 8, 1951, the treaty of peace was signed with Japan at the city of San Francisco. This treaty was the subject of considerable criticism throughout the western world but

the wisdom shown in pressing for its finalization has justified this action on the part of the western allies.

As a result of this treaty the western world has gone along with Japan and assisted her in rehabilitating herself in a democratic manner.

We must not forget that following the war and it is no secret that even today the peoples of Japan are divided as to where their loyalties should extend and to what extent they should participate in world affairs. The first minority group in Japan consists of the communists who urge the newly elected Japanese parliament to break its ties with the west, refute the San Francisco peace treaty, reject its present mutual defence assistance agreement with the United States and line up with the communist-dominated peoples of Asia.

The second group—the neutralists or right wing of the socialist party—advocates an isolationist policy whereby Japan would take no part in world affairs. This obviously is not a practical solution to their problem in view of their geographical position and the present state of world affairs.

The other group, which is by far the largest, favours a rejection of the communists' attempt to make Japan another satellite of Russia and China. Japan, situate as it is close to the shores of Asia, cannot be neutral but if it is to stand against communist aggression and expansion in the East it will require the military and economic support of the United States, Canada and the other western powers.

Hon. members know from their personal experience that many lasting, trustful and valuable personal friendships are created among individuals as a result of business and professional association. In their daily contacts they get to know those whom they can trust and to what extent. I think a parallel can be drawn in international relations. The hand of friendship has been extended to Japan by the western world. It has been gratefully accepted. This was particularly evidenced when our Prime Minister visited that country on his world tour, where not only was he met by the Japanese dignitaries but also by the school children who lined the streets in an expression of friendly welcome.

It is my opinion that friendly trade relations with Japan will do more than anything else to convince the Japanese people that we are sincere in our desire to have Japan as an ally; that we are prepared to assist her in her resistance to communist domination and welcome her membership in the fraternity of free and democratic nations. In the last war we found that Japan was a power to be reckoned with and no opportunity should be lost to encourage her alignment with the West in the world power struggle.

The considerations so far enumerated would be enough in my opinion to justify the entry of Canada into a trade agreement with Japan, but there is another very important consideration and that is our need for foreign markets. In Canada, which is so dependent on international trade, every sensible person wants more trade with everybody. There is no doubt that more than any other country in the world we depend on our foreign trade for our prosperity. The United States, which is the only other country of the world with a standard of living comparable to ours, relies for her prosperity on exports to the extent of only about four per cent, whereas Canada is dependent upon her exports for about 30 per cent of her national income.

To agriculture our continuity of trade is of paramount importance. Our wheat crop is now averaging in excess of 500 million bushels of which domestic consumption, including grain used for seed and feed, would not exceed 140 million bushels. Of a crop of 136 million bushels of oats we exported 65 million bushels, and of a crop of 176 million bushels of barley we exported 119 million bushels. In addition to the export of grain, substantial stocks of other farm and dairy products have been exported to other countries to add to our national income.

In addition to the export of farm products, our exports of minerals, processed and manufactured goods have been substantial. The export of these commodities is very important, not only to agriculture but also to labour and to industry.

Since the war our trade with Japan has grown steadily and at the risk of repetition I would say that in the calendar year 1953 our exports to Japan totalled $118,500,000 while our imports amounted to $13,600,000. Our chief sales to Japan consisted of $52,433,562 of wheat, $17,496,915 of barley, $7,014,280 of pulp, $1,380,565 of grass seed and other lesser items. In the year 1953-54 Japan's crop quota was 36,744,000 bushels. She had purchased from Canada to April 30 of this year 11,690,000 bushels of wheat. This, together with purchases from the United States, has almost filled her quota. This figure includes only purchases registered under the international wheat agreement and information available indicates that other sales outside the agreement have been made. Since April 30, 14 further cargoes have been sold, which at 350,000 bushels per cargo, would amount to approximately 5 million further bushels, bringing the total well over

17 million bushels to date with the remainder of the year's purchases to be anticipated. These facts, together with the statement by the Minister of Trade and Commerce (Mr. Howe) to the effect that "steps have been taken to safeguard the position of Canada in the Japanese market for the next two years" furnish, I believe, sufficient evidence to justify a favourable and optimistic attitude in regard to our future trade with Japan.

On this occasion I would like to take the opportunity to commend the Minister of Trade and Commerce (Mr. Howe) upon his work, the work of his department and the agencies under his direction, for their increasing vigilance and their aggressive policy in seeking markets for our products. The department's trade representatives in foreign countries have been doing a tremendous job of promoting Canadian sales. In addition the wheat board has maintained a vigorous policy of seeking out and maintaining markets for our grains.

A Canadian grain and flour mission of the Canadian wheat board, headed by Mr. Riddel, recently returned from a tour of the Asiatic countries where they had been seeking markets for our Canadian grain. The delegation was well received in Japan and found that Canadian wheat was very well liked, particularly in relation to quality which they found to be better than the average quality of American wheat they had been receiving, and all indications were that Japan would continue to be a good market for Canadian wheat in the years to come.

Factors which have contributed toward the popularity of wheat products in Japan in preference to rice have been, firstly, the shortage of fuel for cooking purposes in the homes and, secondly, the fact that many Japanese women are occupied in working during the day. Bread is a much more convenient form of food by reason of these considerations and is growing in popularity. It, therefore, seems reasonable to assume that our wheat market in Japan is established and that in the course of time it will increase, provided Japan can obtain the foreign currency to purchase our products. A similar consideration applies to barley. Our exports in the past year of barley were valued at $17 million and the prospects of increasing our exports to Japan of this commodity are also very good.

Our great exporting industries are also searching for larger outlets and industries in British Columbia have again taken the initiative as they did in the matter of marketing their fish products, and a delegation of the Vancouver board of trade, including an official representative of the British Columbia government, went to Tokyo early in April to seek new markets for Canadian goods. The prospect of obtaining further markets are bright. A recent estimate in *Foreign Trade*, a government publication, showed that Japan is urgently in need of over three million housing units to ease the serious housing shortage in Japan. Assuming that the average two or three-room house requires about 7,000 board feet of lumber, then, a market exists for a considerable amount of Canadian lumber. There is no doubt that if the needs of the Japanese people were given careful study other buyers could be found for many Canadian products and raw materials.

We must face the fact that if Japan is to continue buying from Canada at her present rate, or if as may well be, her imports from this country are to increase, then she must sell more to Canada. I believe this agreement is a recognition of this fact and a step toward retaining this market which we have had the good fortune to obtain. If the agreement has the effect of more Japanese goods being imported into Canada, which will likely be the result, they necessarily must compete with the Canadian manufacturers and indications are that this competition will be felt mainly in the toy, textile and electrical products which Japan can make much cheaper than can our Canadian manufacturers.

One of the terms of the agreement, incorporated by way of a communication addressed to the ambassador of Japan from the Secretary of State for External Affairs (Mr. Pearson), dated March 31, 1954, and set out in the *Votes and Proceedings* of the House of Commons for Wednesday, March 31, 1954, at page 7 of the addendum, provides, and I quote:

1. If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.

The inclusion of the right of Canada to establish values for ordinary and special duty purposes for the purpose of preventing

serious injury to domestic producers of competitive products, together with the provisions relating to unfair trade practices, provides industries affected with an adequate safeguard against indiscriminate competition from Japanese imports. This power will have to be exercised by the government with great care in accordance with the spirit of the agreement and in such a manner as to promote the national interest.

Large surpluses of goods, especially agricultural products, hang over the market. We must maintain our present huge trade in other markets, and that is our basic problem. This problem will not be cured but will be greatly worsened by restricting the international trade on which this nation largely lives, and therefore I urge the government on this occasion to exercise the power reserved to it in the agreement only when conditions warrant their use and, if possible, sparingly, but always in the interest of the Canadian economy as a whole.

In conclusion I would like to emphasize that this trade pact is not only a trade agreement as such; it is a symbol of Japan's desire to join the fraternity of nations in the free world, to work with them in friendly co-operation toward a solution of the grave problems which face the world today. Our government, in negotiating this trade treaty, has accepted the fact that Japan must sooner or later live by her own exports; that she cannot subsist upon voluntary gifts, nor can she carry on the one-sided exchange of goods which has been the case in the past. The Japanese people must be assured that their alliance with the West is not only sound in military strategy but assures them a tolerable life.

Motion agreed to.

VOCATIONAL TRAINING CO-ORDINATION ACT

AUTHORITY TO ENTER INTO AGREEMENTS WITH PROVINCES, CHANGES IN ADMINISTRATION, ETC.

On the order:

House in committee of the whole on Bill No. 326, an act to amend the Vocational Training Co-ordination Act. (Without amendment).—The Minister of Labour.

Mr. Speaker: Is it agreed that I do now leave the chair?

Mr. Green: There was no announcement last night that this would be up. In view of the fact that it is ten minutes to six o'clock, I suggest that the house adjourn.

Mr. Harris: I have no objection to the house adjourning. I hope the practice will not grow of visiting on the house leader his inability to predict the length of any debate, and thereby closing the house early. If it were the final closing, I would not object. I move that the house do now adjourn.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall begin with the Department of Northern Affairs and National Resources; then transport. On Friday, if northern affairs are not completed tomorrow, it will be continued, but the Minister of Transport will not be here and will not be able to go on on that day, so we would take, after northern affairs, post office and mines and technical surveys.

Motion agreed to and the house adjourned at 5.50 p.m.

HOUSE OF COMMONS

Thursday, May 13, 1954

The house met at 2.30 p.m.

QUESTIONS

POINT EDWARD NAVAL BASE

Mr. Buchanan:

1. How many persons are employed at the Point Edward naval base, (a) civil service; (b) casual?
2. Of such employees, (a) civil service; (b) casual, how many are from (i) Cape Breton North and Victoria; (ii) Cape Breton South?

Mr. Campney: I am answering part 1 of this question. In view of the fact that the department does not keep records of the employees on the basis of part 2 of the question, I have spoken to the hon. member who asked the question and I understand he is willing to drop it.

1. (a) Classified employees, 211; (b) prevailing rate employees, 317.

Mr. Speaker: Part 2 dropped.

FARM LOANS, SASKATCHEWAN

Mr. Studer:

1. What was the amount of loans approved under the Canadian farm loan board to farmers in Saskatchewan for the year 1953?
2. What was the total amount of approved loans to Saskatchewan farmers under the Canadian farm loan board, since April 1, 1944?

Mr. Benidickson:

1. Fiscal year ended March 31, 1954, $2,436,000.

2. April 1, 1944 to March 31, 1954, $12,608,200.

CIVIL DEFENCE—WELFARE

Mr. Macnaughton:

1. To date how many persons have been given courses by the federal government in the welfare aspects of civil defence?
2. Who bears the cost of courses given by the federal government in the welfare aspects of civil defence?

Mr. Martin:

1. Almost 500 persons from all over Canada have taken courses in civil defence welfare conducted by the Department of National Health and Welfare and now held at the federal civil defence college at Arnprior. These courses enable the persons completing them to give training in civil defence welfare to others in their own province.

2. All expenses in respect to these courses, which are given by the Department of National Health and Welfare to persons nominated by the provincial civil defence authorities, are borne by the federal government. These expenses include travel, maintenance, and the actual provision of training facilities at the civil defence college at Arnprior.

ROME, ITALY—PROPERTY PURCHASED

Mr. Hodgson:

1. How much did the government pay for property purchased in Rome, Italy?
2. When were such purchases made?
3. Is any construction contemplated?
4. If so, how much is the estimated expenditure?

Mr. Pinard:

1. $186,391.65 (in blocked funds).

2. March 31, 1950.

3. If the site is retained, and no decision has been reached on this point, the department will either renovate the existing building or demolish it and build a new residence.

4. An amount not exceeding $325,000.

ROYAL TRAIN STATIONERY, 1939

Mr. Pouliot:

What crest was engraved on the stationery of the royal train of 1939?

Mr. McCann:

There was no crest engraved on the stationery of the royal train of 1939.

The bulk of the stationery requisitioned carried the following words in black:

"The Royal Train
CANADA"

There was a smaller quantity of stationery requisitioned with the following words in red:

"The Royal Train
CANADA"

with a red maple leaf under the word "Canada".

Questions

BUILDINGS LEASED, NEW WESTMINSTER

Mr. Hahn:

1. Does the federal government lease any buildings to house departmental branches in the city of New Westminster?

2. If so, (a) what branches; (b) what is the name of the owner of such building or buildings; (c) in each case, what is the annual rent paid and the date of termination of lease?

3. Which of these branches are to be housed in the new federal buildings?

Mr. Bourget:

1. Yes, space in the Perreault building, Belyea building, Mott Electric building and Hess building.

2.

(a) Occupants	(b) Owner	Annual rental	(c) Date of termination of lease
U.I. commission (audit office)	Henri Perreault	$ 1,620	Aug. 16, 1954
U.I. commission	Belyea & Co., Ltd.	12,200	Jan. 31, 1958
U.I. commission	Belyea & Co., Ltd.	2,700	Jan. 31, 1955
Dept. of National Revenue (customs)	Belyea & Co., Ltd.	9,000	June 30, 1955
Dept. of Veterans Affairs (Soldier Settlement and Veterans' Land Act)	Mott Electric Repair Ltd.	6,000	Aug. 14, 1955
Dept. of Agriculture (health of animals)	John Hess, Sr. and John Hess Jr.	660	Nov. 24, 1955

3. Department of National Revenue (customs), Department of Veterans Affairs (Soldier Settlement and Veterans' Land Act), and Department of Agriculture (health of animals).

POSTAGE STAMP ISSUES

Mr. Pouliot:

What was (a) the subject; (b) the colour (with the shade); (c) the denomination; (d) the date of issue of each postage stamp issued since January 1, 1945?

Mr. Kirk (Shelburne-Yarmouth-Clare):

(a) Subject	*(b)* Colour	*(c)* Denomination $ cts.	*(d)* Date of Issue
Farm scene	red brown	0.08	16th September, 1946
Great Bear lake	olive green	0.10	16th September, 1946
Hydroelectric plant	dark brown	0.14	16th September, 1946
Harvesting combine	grey	0.20	16th September, 1946
Logging	dark green	0.50	16th September, 1946
Train ferry	violet	1.00	16th September, 1946
Alexander Graham Bell	blue	0.04	3rd March, 1947
Citizenship	blue	0.04	1st July, 1947
H.R.H. Princess Elizabeth	blue	0.04	16th February, 1948
Responsible government	gray	0.04	1st October, 1948
Cabot's ship *Matthew*	green	0.04	1st April, 1949
Founding of Halifax 1749	purple	0.04	21st June, 1949
H.M. King George VI	dark green	0.01	15th November, 1949
H.M. King George VI	dark brown	0.02	15th November, 1949
H.M. King George VI	rose	0.03	15th November, 1949
H.M. King George VI	red	0.04	15th November, 1949
H.M. King George VI	blue	0.05	15th November, 1949
H.M. King George VI	dark green	0.01	Released January, 1950
H.M. King George VI	dark brown	0.02	Released January, 1950
H.M. King George VI	rose	0.03	No specific date of issue
H.M. King George VI	red	0.04	No specific date of issue
H.M. King George VI	blue	0.05	No specific date of issue
Oil development	green	0.50	1st March, 1950
Fur resources	dark brown	0.10	2nd October, 1950
Fish resources	blue	1.00	1st February, 1951
Sir Robt. L. Borden	dark green	0.03	25th June, 1951
W. L. Mackenzie King	dark rose	0.04	25th June, 1951
H.M. King George VI	olive green	0.02	25th July, 1951
H.M. King George VI	orange	0.04	25th July, 1951
Centennial postal administration—trains	black	0.04	24th September, 1951
Centennial postal administration—ships	purple	0.05	24th September, 1951

(a) Subject	(b) Colour	(c) Denomination $ cts.	(d) Date of Issue
Centennial postal administration—Stagecoach and plane	blue	0.07	24th September, 1951
Centennial postal administration—1st stamp of Canada	orange	0.15	24th September, 1951
T.R.H. Princess Elizabeth and Duke of Edinburgh	purple	0.04	26th October, 1951
Wood products	gray	0.20	1st April, 1952
Red Cross	blue and red	0.04	26th July, 1952
Sir John J. C. Abbott	rose	0.03	3rd November, 1952
Alexander Mackenzie	orange	0.04	3rd November, 1952
Canada goose	blue	0.07	3rd November, 1952
Totem pole	black	1.00	2nd February, 1953
Polar bear	light blue	0.02	1st April, 1953
Moose	dark brown	0.03	1st April, 1953
Bighorn sheep	gray	0.04	1st April, 1953
H.M. Queen Elizabeth	brown	0.01	1st May, 1953
H.M. Queen Elizabeth	green	0.02	1st May, 1953
H.M. Queen Elizabeth	red	0.03	1st May, 1953
H.M. Queen Elizabeth	purple	0.04	1st May, 1953
H.M. Queen Elizabeth	blue	0.05	1st May, 1953
H.M. Queen Elizabeth (Coronation)	purple	0.04	1st June, 1953
Textile	green	0.50	2nd November, 1953
H.M. Queen Elizabeth	blue	0.05	1st April, 1954
Walrus	gray	0.04	1st April, 1954
Beaver	blue	0.05	1st April, 1954
Gannet	black	0.15	1st April, 1954
Canada geese (Air Mail)	dark blue	0.07	16th September, 1946
Mail plane (Air mail special delivery)	light blue	0.17	16th September, 1946
Arms of Canada (special delivery)	light green	0.10	16th September, 1946

HEALTH INSURANCE

REQUEST FOR EARLY INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? In view of the announcement a day or two ago from the Ontario medical association concerning proposed increases in doctors' fees, will the government consider moving a little faster in the introduction of nation-wide health insurance, with provision for the provinces to participate as they may wish to do so?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, my hon. friend knows that the government is always giving consideration to these important matters.

Mr. Knowles: May I ask a supplementary question? Was Dr. G. E. Wride speaking for the government a day or two ago when he said that health insurance will continue to be a live issue with the government?

Mr. Martin: I do not know what Dr. G. E. Wride said. The only persons who can speak for the government are members of the government.

ALASKA HIGHWAY

REPORTED TRANSFER OF ADMINISTRATION TO DEPARTMENT OF PUBLIC WORKS

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): May I direct a question to the Associate Minister of National Defence? Is the department transferring the administration and cost of maintenance of the Alaska highway-northwest highway system to the Department of Public Works?

Hon. R. O. Campney (Associate Minister of National Defence): All I can say at the moment is that the departmental administration of the Alaska highway is at present under active consideration. If it is decided that any department of government other than the Department of National Defence shall administer it, an announcement will be made in due course.

Mr. Pearkes: Was a press announcement made yesterday by the Department of Public Works in that connection?

Mr. Campney: I am not aware of it; I was not here yesterday.

COAL

WESTVILLE, N.S.—OPERATION OF DRUMMOND MINE

On the orders of the day:

Mr. H. B. McCulloch (Pictou): I should like to direct a question to the Minister of

Mines and Technical Surveys. Has the minister any information as to the possibilities of reopening or continuing the operation of the Drummond mine at Westville, Nova Scotia?

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, a representative of the government of Nova Scotia, accompanied by town mine officials and union officials, visited Ottawa and presented a proposal to the dominion coal board whereby the government of Nova Scotia would assist the Drummond Coal Company of Westville in the cost of production to the extent that it now appears that it would be possible to make the necessary arrangements for the marketing of coal from that mine within the limits of the subvention provisions. If these arrangements can be made as proposed, it is anticipated that this should prolong the life of the mine for approximately five months and facilitate orderly readjustment of the miners.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Engineering and water resources branch—
Water resources division—
314. To provide for studies and surveys of the Columbia river watershed in Canada, $377,400.

The Chairman: Hon. members will find the vote on page 45 of the blue book and the details on page 387.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Chairman, when this item was allowed to stand on Thursday last the hon. members for Vancouver-Quadra and Kootenay West were discussing the jurisdiction of the international joint commission in regard to the Columbia river reference.

I have now looked pretty carefully into the whole matter and I may give some of the conclusions to which I have come and draw the attention of members of the committee to the agreement "between the United States and Great Britain relating to boundary waters and questions arising between the United States and Canada". That agreement was signed at Washington on January 11, 1909. The articles of the treaty which outline the jurisdiction of the international joint commission are mainly articles VIII and IX. Article VIII reads for the first part as follows:

This international joint commission shall have jurisdiction over and shall pass upon all cases involving the use or obstruction or diversion of the waters with respect to which under articles III and IV of this treaty the approval of this commission is required, and in passing upon such cases the commission shall be governed by the following rules or principles which are adopted by the high contracting parties for this purpose.

I do not at this time need to read the rules, but article VIII refers to articles III and IV. Article III deals with boundary waters and boundary waters are defined in the "preliminary article". Article III gives jurisdiction over boundary waters to the international joint commission, but may I point out right now that the Columbia river cannot be considered as a "boundary water" according to the definition of "boundary waters" which is given in the preliminary article. With the permission of members of the committee I will now read that definition:

For the purposes of this treaty boundary waters are defined as the waters from main shore to main shore of the lakes and rivers and connecting waterways, or the portions thereof, along which the international boundary between the United States and the Dominion of Canada passes, including all bays, arms, and inlets thereof, but not including tributary waters which in their natural channels would flow into such lakes, rivers, and waterways, or waters flowing from such lakes, rivers, and waterways, or the waters of rivers flowing across the boundary.

It is clear that the Columbia river and its tributaries are not boundary waters. They are not included in the general definition, and, moreover, they are excepted. They are definitely excepted by the words, and I quote:

. . . or the waters of rivers flowing across the boundary.

Let us examine now what could be the general jurisdiction of the international joint commission over the Columbia river, the Columbia river basin and its tributaries according to article IV. Article IV reads:

The high contracting parties agree that, except in cases provided for by special agreement between them, they will not permit the construction or maintenance on their respective sides of the boundary of any remedial or protective works or any dams or other obstructions in waters flowing from boundary waters or in waters at a lower level than the boundary in rivers flowing across the boundary, the effect of which is to raise the natural level of waters on the other side of the boundary unless the construction or maintenance thereof is approved by the aforesaid international joint commission.

That is what I said last Thursday—that if a dam was built on the other side of the border on any part of the Columbia river where it flows into the United States which would have the effect of elevating the levels of the water on the Canadian side, then the permission of the international joint commission would have to be sought. This provision

covers one of the situations which I mentioned last Thursday. If the downstream state desired to build a dam which would have the effect of raising the water level at the boundary, then the permission of the international joint commission would have to be sought. That is why an application was made to the commission in the case of the Libby dam. That application was later withdrawn so that the international joint commission did not have to adjudicate thus far on the question of the Libby dam. It was, however, clearly a case where an application had to be made to the international joint commission under article IV of the treaty.

The other article which deals with rivers flowing across the border is article II, which reads as follows:

Each of the high contracting parties reserves to itself or to the several state governments on the one side and the dominion or provincial governments on the other as the case may be, subject to any treaty provisions now existing with respect thereto, the exclusive jurisdiction and control over the use and diversion, whether temporary or permanent, of all waters on its own side of the line in which their natural channels would flow across the boundary or into boundary waters; but it is agreed that any interference with or diversion from their natural channel of such waters on either side of the boundary, resulting in any injury on the other side of the boundary, shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where such diversion or interference occurs; but this provision shall not apply to cases already existing or to cases expressly covered by special agreement between the parties thereto.

That is another thing I said last Thursday —that unless there is a case such as the one mentioned under article IV the remedy is a legal one.

I also said that at the beginning of my remarks this afternoon that the other article of the treaty which gave general jurisdiction to the international joint commission is article IX. Article IX is the article under which the Columbia river reference has been made by the governments of the United States and Canada.

The high contracting parties further agree that any other questions or matters of difference arising between them involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other, along the common frontier between the United States and the Dominion of Canada, shall be referred from time to time to the international joint commission for examination and report, whenever either the government of the United States or the government of the Dominion of Canada shall request that such questions or matters of difference be so referred.

The international joint commission is authorized in each case so referred to examine into and report upon the facts and circumstances of the particular questions and matters referred, together with such conclusions and recommendations as may be appropriate, subject, however, to any restrictions or exceptions which may be imposed with respect thereto by the terms of the reference.

Such reports of the commission shall not be regarded as decisions of the questions or matters so submitted either on the facts or the law, and shall in no way have the character of an arbitral award.

If it is agreeable to the members of the committee, Mr. Chairman, I would at this point ask to be allowed, with the unanimous consent of the committee, to put on *Hansard* the text of the Columbia river reference which was made jointly by the government of the United States and the government of Canada.

The Chairman: Has the minister leave to do so?

Some hon. Members: Agreed.

Mr. Lesage: The text of the reference is as follows:

Columbia River Reference

In order to determine whether a greater use than is now being made of the waters of the Columbia river system would be feasible and advantageous, the governments of the United States and Canada have agreed to refer the matter to the international joint commission for investigation and report pursuant to article IX of the convention concerning boundary waters between the United States and Canada, signed January 11, 1909.

2. It is desired that the commission shall determine whether in its judgment further development of the water resources of the river basin would be practicable and in the public interest from the points of view of the two governments, having in mind (a) domestic water supply and sanitation, (b) navigation, (c) efficient development of water power, (d) the control of floods, (e) the needs of irrigation, (f) reclamation of wet lands, (g) conservation of fish and wildlife; and (h) other beneficial public purposes.

3. In the event that the commission should find that further works or projects would be feasible and desirable for one or more of the purposes indicated above, it should indicate how the interests on either side of the boundary would be benefited or adversely affected thereby, and should estimate the costs of such works or projects, including indemnification for damage to public and private property and the costs of any remedial works that may be found to be necessary, and should indicate how the costs of any projects and the amounts of any resulting damage be apportioned between the two governments.

4. The commission should also investigate and report on existing dams, hydroelectric plants, navigation works, and other works or projects located within the Columbia river system in so far as such investigation and report may be germane to the subject under consideration.

5. In the conduct of its investigation and otherwise in the performance of its duties under this reference, the commission may utilize the services of engineers and other specially qualified personnel of the technical agencies of Canada and the United States and will so far as possible make use of information and technical data heretofore acquired by such technical agencies or which may become available during the course of the investigation, thus avoiding duplication of effort and unnecessary expense.

Mr. Herridge: Has the minister finished his statement?

Mr. Lesage: Yes.

Mr. Herridge: I should like to ask one question. Under what authority do the engineers of a United States company undertake to do surveying on a navigable river such as the Columbia?

Mr. Lesage: According to my information the Kaiser interests or the Kaiser company of California, I believe it is—if my memory serves me aright—have asked for a permit from the British Columbia government. I understand this permit is a survey permit only without any priority. This permit, according to my information, has been given to the company by the British Columbia government.

Mr. Herridge: I have just one more question, Mr. Chairman. Where would the international joint commission or the federal government come into the picture if, for instance, the company in question proposed to build a dam across the Columbia river which is a navigable river used by steamships, tugs and so on?

Mr. Lesage: May I refer the hon. member to section 4 of the Navigable Waters Protection Act, which is chapter 193 of the Revised Statutes of Canada, 1952, and which reads as follows:

> 4. (1) No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site thereof has been approved by the governor in council, nor unless such work is built, placed and maintained in accordance with plans and regulations approved or made by the governor in council.
>
> (2) The provisions of this section do not apply to small wharves or groynes or other bank or beach protection works, or boat-houses, if in the opinion of the Minister of Public Works
>
> (a) they do not interfere with navigation, and
>
> (b) do not cost more than one thousand dollars.

Mr. Herridge: Then no one could give the green light to go ahead without the approval of the governor in council in such a case. Am I correct in that understanding?

Mr. Lesage: Anyone who wants to build any work or have it placed in, upon, over, under, through or across any navigable water has to obtain permission from the governor in council.

Mr. Herridge: Thank you.

Mr. Green: Since this item was under discussion in the committee, those of us who are members of the external affairs committee have had the opportunity of hearing a thorough and comprehensive report on the whole Columbia river basin from General McNaughton, who is chairman of the Canadian section of the joint commission. I believe the situation is that there has been this reference to the joint commission, and that the minister's department is merely conducting surveys, borings and investigations on the Columbia river system within Canada on behalf of the Canadian section of the joint international commission. Is that the situation?

Mr. Lesage: That is right, Mr. Chairman.

Mr. Green: It is unlikely that any such thing as a dam across the Arrow lakes would be permitted until there had been a report from the international joint commission. Is that not correct?

Mr. Lesage: The waters resources of the Columbia river on the Canadian side, as far as the development of power is concerned, come under the jurisdiction of the British Columbia government.

Mr. Green: That may be so. But under the Navigable Waters Protection Act the dominion government has the power to prevent any such dam being built on the Arrow lakes which are really only a broadening out of the Columbia river. Is that not the case?

Mr. Lesage: Yes; that is the case. The only thing is this. I do not believe I should be asked to answer the question: Could we use section 4 of the Navigable Waters Protection Act to prevent the building of a dam if there was no difficulty as to navigation and if the only reason we had to withhold permission was the fact that we did not have a complete report on the Columbia river reference? I do not believe I should be asked to answer that question. That would be asking me to state government policy on a matter which has not been envisaged. It is extremely difficult to give a legal opinion on these matters involving jurisdiction as between provincial and federal governments and involving the application of international law without having in front of us the complete details of the facts—a thing we do not have now because the situation has not arisen.

Mr. Green: Is it not a fact that the Canadian section of the international joint commission is, in effect, acting as the agent for both the Canadian government and the British Columbia government in conducting this investigation, so that for all practical purposes there is no way in which any difficulty can arise?

Mr. Lesage: Mr. Chairman, I am not sure that we can say that the international joint commission is acting for the British Columbia government.

Mr. Green: The Canadian section of the international joint commission.

Mr. Lesage: I am not sure we can say that the Canadian section is acting on behalf of the British Columbia government. I would

say, however, that it is acting with the agreement of the British Columbia government.

Item agreed to.

The Chairman: May I now remind hon. members that we proceed to vote 321 which is to be found at page 45 of the blue book, and the details at page 393.

Northern administration and lands branch—
321. Lands division—administration of territorial and public lands; seed grain collections, $383,632.

Mr. Simmons: I understand this item includes the cost of a head office and field staffs engaged in the administration of mining, land and timber matters in the Yukon and Northwest Territories and also some land matters in the provinces. It is hard to figure out "how much is to be spent where". However, I note that there is in this item an increase over last year of $70,783 which seems to be taken up mostly by increases in salaries. There has been an increase in mining business in the Yukon Territory during the past two years. Important mineral finds have been made in many places throughout the Yukon and thousands of claims have been staked. The Yukon has every appearance of being on the threshold of mining developments of importance not only to the Yukon but to the economy of Canada. I have no hesitation in saying that if these mineral finds had been made in the older and less remote parts of Canada where better transportation facilities are available and where transportation costs are lower, many new mines would have been in operation today. I am sure that the minister knows and appreciates these things and will keep them in mind when considering improvements in transportation facilities and in strengthening the administrative staff in line with these important mineral developments. I understand that the minister and the deputy minister intend to visit the Yukon next summer. I can assure them of a most cordial welcome. I hope they will be afforded every opportunity to visit some of the more important developments which mean so much to the Yukon in particular and Canada in general. I am sure also that the minister realizes the needs of these northern areas and that the people expect encouragement and help from the federal government. They have every confidence that the minister will rectify the situation in due course.

The cost of living in the Yukon is from 30 to 75 per cent higher than south of the 60th parallel of latitude, and the scale of wages in effect in the Yukon does not compensate for the high cost of living. This fact is recognized by the government as federal civil servants in the Yukon are paid, in addition to their salaries, a living or subsistence allowance of $1,500 per year for a married employee and $900 per year for a single employee. I would suggest that provision should be made to allow a greater exemption by way of personal income tax deductions which would offset this condition to some extent.

Mr. Green: Under this item would the minister say whether or not it is intended to proceed with the second reading of Bill No. 8, which is described as an act to amend the Territorial Lands Act and to repeal the Yukon Quartz Mining Act and the Yukon Placer Mining Act? This bill has been on the order paper since November 16. I understand that it places the control of mineral claims in the Yukon under regulations passed by order in council rather than under a statute, and that there is very serious objection to the legislation by the men who are the actual miners in the Yukon.

Mr. Lesage: Some of them, not all.

Mr. Green: By a great many of the individuals concerned. The mining companies may not be objecting, but I am referring to the prospectors and the men who actually do the work. Is it the intention of the government to proceed with this bill at the present session?

Mr. Lesage: In the face of the contradictory views that have been expressed on the matter, and which are evidenced by the interchange between the hon. member for Vancouver-Quadra and myself, and in the face of all the difficulties, I and the officials of my department have felt that we should send an experienced man to study conditions in the Yukon. Two weeks ago, I believe, the governor in council appointed Mr. Cole who for years was the director of mines in the province of Manitoba, a man of great capacity and reputation, to make an investigation of the whole situation and to report to me. In the meantime the matter is left in abeyance.

Mr. Green: Then the bill will not be proceeded with at this session?

Mr. Lesage: I believe hon. members can draw their own conclusions. Mr. Cole has just left or is about to leave for the Yukon. I am leaving for an extended trip on the 20th of June in response to the invitations I have received from hon. members to visit the parks. I will spend a full month in complying with the invitations that have been extended to me by the hon. member for the Yukon and the hon. member for Mackenzie River.

Mr. Fraser (Peterborough): Will parliament be over by that time?

Mr. Lesage: If it is not, I hope the hon. member for Peterborough will excuse me.

Mr. MacLean: Will the minister be good enough to explain the words "seed grain collections" in the heading for this item?

Mr. Lesage: I would not like to read a book this afternoon but, as the hon. member knows, from 1876 to 1926, before our time, the federal government made advances to settlers in the west for seed grain, fodder and relief. Liens were attached to the properties for these advances. There were thousands and thousands of them. In the fiscal year 1953-54 1,170 accounts were discharged. There were 390 payments received, and the balance of the accounts was written off. As a result $466,768.27 comprising principal and interest was written off and $62,917.26 was received in payments. A total of 4,193 liens was discharged last year alone. As of March 31, 1954, there are 2,500 federal accounts and approximately 3,600 joint federal-provincial accounts still outstanding. In the last fiscal year 4,193 liens were discharged, leaving the number of accounts outstanding at only 6,100. The operation is really being wound up.

Item agreed to.

Northern administration division—
322. Administration including a grant of $5,000 to the Arctic Institute of North America, $212,515.

Mr. Green: This item has to do with the northern administration division and as such I presume it covers expenditures in the Arctic islands of the northland. I should like to draw the attention of the minister to the current issue of *Time* magazine, that of May 10. On page 68, in the section dealing with science, there is an article with the heading "Under-ice Mountains" reporting discoveries made by Russian scientists. The article reads in part as follows:

> Much of the rest of the Arctic sea's bottom is mountainous too. The Russians said that earth folds run across it from eastern Siberia to Ellesmere island, north of Canada. They did not say how they got this information; presumably they did it by echo-sounding through the Arctic ice or through holes cut in it.

The point I wish to make is that the article says that Ellesmere island is north of Canada. It is my understanding that Ellesmere island is a part of Canada.

Mr. Lesage: That is right.

Mr. Green: There is also a map here indicating the same thing, that Ellesmere island is north of Canada. I think it is of some importance that Canada should never lose an opportunity to assert her sovereignty over these islands in the Arctic ocean. I am wondering whether there is any action that could be taken by the minister with respect to this article. It might be a good idea for him to draw to the attention of the editors of *Time* that Ellesmere island is part of Canada. This sort of thing, if allowed to go without comment, could possibly lead to difficulty in the years ahead. I believe that these Arctic islands are going to prove of great value to this nation. In any event, we do not want another nation stepping in there and asserting sovereignty.

[Mr. Fraser (Peterborough).]

Mr. Lesage: I quite agree with the hon. member, Mr. Chairman, that we should do everything to assert our sovereignty in those Arctic islands, of which Ellesmere is the most northern. About a year ago the Royal Canadian Mounted Police established a second post on that island. Just two or three months ago I announced in the house that a group of islands had been named after Her Majesty, Queen Elizabeth, and that group includes Ellesmere island.

If I were to follow the suggestion of the hon. member it might very well be that the editors of *Time* would draw my attention to the fact that they had used some kind of telegraphic style and what they meant was north of continental Canada, but since they were trying to save space, they had omitted the word "continental". I am grateful to the hon. member for drawing my attention to that article.

Mr. Knowles: *Time* cannot do that to us.

Mr. Fraser (Peterborough): If the Royal Canadian Mounted Police post is on Ellesmere island, then a Canadian flag is flying there now?

Mr. Lesage: There are two, because there are two posts. There is no question of our sovereignty, and there is no question of occupancy. We occupy that island.

Mr. Churchill: There is an item shown of more than $5,000 for the Arctic institute. Will the minister say something about the Arctic institute, its history, purpose and accomplishments?

Mr. Lesage: The Arctic Institute of North America, Mr. Chairman, is a joint organization including United States and Canadian citizens who are making special studies of the Arctic. This institute has done a lot to make the Arctic known to the rest of the world. The United States government and the Canadian government are contributing to the operation of this institute, to which I believe I should at this time pay tribute for the work it is doing for the development of the Arctic and having this part of the North American continent, this part of Canada, better known.

Mr. Churchill: I suggest to the minister that next year in his report he include an item concerning the Arctic Institute of North America, since it is of such importance. This procedure might obviate in the future the necessity for a question such as I asked.

Item agreed to.

Northwest Territories, including Wood Buffalo park and Eskimo affairs—
323. Operation and maintenance, $1,031,746.

Mr. Fraser (Peterborough): I notice in the details for this item on page 395 there is reference to publication of a book of wisdom for distribution to Eskimos. In what language is that written?

Mr. Lesage: It is written in both English and Eskimo.

Item agreed to.

Yukon Territory, including forest conservation—
327. Operation and maintenance, $517,910.

Mr. Simmons: This item covers the cost of federal administration of the Yukon Territory, and assistance in the construction of roads. As I said previously, none of this goes towards the cost of the territorial government. I notice there is a decrease of $68,837 from the vote provided for the same purpose last year which is made up of a decrease in the federal contribution towards the construction of roads. In view of important mining developments taking place in the Yukon and the need for encouraging these developments by improved road facilities, I feel this is regrettable. I wonder whether the minister would tell me how this decrease came about?

While we are discussing this item, I should like to ask the minister if he would give some consideration to some arrangement whereby the elected members of the Yukon council would have a real voice in the direction of territorial affairs, and in the administration and actual operation of public business. There has been a marked tendency, especially in the past few years, to centralize the administration of territorial government affairs in Ottawa rather than to decentralize them. Many people in the Yukon feel that the territory should work steadily, step by step, towards greater autonomy and the eventual achievement of full-fledged provincehood in the Canadian federation.

Mr. Lesage: I am sure the hon. member for the Yukon is aware of government policy with respect to road building in the Yukon. Since 1951 we have classified the roads according to three types. One is trunk roads, then secondary roads and resources roads. As to secondary roads, of course, they all come under the jurisdiction of the territorial government. There are those which are within the area or territory of one given community.

The trunk roads are those connecting various settlements. The responsibility for their construction and maintenance is borne by the territorial government but in some cases, as I believe the hon. member is aware, the federal government agrees to pay a portion of the construction and/or maintenance. As to resources roads, the capital and maintenance is borne by the federal government or it is divided between the federal government and private interests in the Yukon who are developing a mine or, we hope, water resources in that country.

Mr. Simmons: May I interrupt the minister? Is there any federal assistance combined with territorial assistance to help a private mine in the construction of what could be classified as a mining road?

Mr. Lesage: There has been some help with construction, yes. There is one instance that comes to my mind at this time, where we participated in the construction on the condition that the company would look after maintenance.

As I said the other day when talking about the problems of transportation in the Northwest Territories, after the problems of education and health, which are basic of course, the main problem that we have to deal with in the Yukon and Northwest Territories is transportation. One of the factors, if not the main factor, in the high cost of living in the Yukon and Northwest Territories, is the cost of transportation. As I said the other day, the officials of my department are now going into that question very thoroughly. This problem may be less difficult in the Yukon than it is in the Northwest Territories because of the outlet we have to these via Whitehorse and Skagway. I can assure the hon. member for the Yukon that there is nothing more to the forefront of my mind that the development of the north country, and since the transportation problem is one that we have to cope with mainly for economic development it is one to which I have given and will give the highest priority. For example, the hon. member has drawn my attention to the possibility of building a road from Carmacks along the Little Salmon river to the Pelly river and we are at present considering that possibility. I hope we can come to the conclusion for which my hon. friend hopes and have an amount in the supplementary estimates which will make the survey of the road possible this year. Of course, we have to be careful, for there have been instances in the past where we have

built or participated in the building of roads which were later abandoned because the mines in which there had been placed a high degree of confidence turned out to be uneconomic to operate.

I agree that some risks have to be taken and I do not mind taking a few risks, but a balance must be kept and a certain amount of care exercised. Such a balance is difficult to keep at times, but I can assure my hon. friend and all members of the committee that I am working hard on these matters in view of the need for development of the north country, and they may rest assured that I would be the last one to cause any delay. What I want is action and action now.

Mr. Simmons: Mr. Chairman, I just wish to thank the minister for the attitude he has taken in regard to the north country. I am sure the people there will be very pleased to learn of it.

Item agreed to.

Yukon Territory, including forest conservation—

328. Construction or acquisition of buildings, works, land and new equipment, $58,395.

Mr. Simmons: Mr. Chairman, on this item I notice there is a decrease of $85,600 in the amount voted for this purpose last year. I suppose items of this nature vary from year to year and the department will erect a building one year and the same expenditure will not be required the following year. However, I wonder if the minister would be good enough to let me know how this decrease came about.

Mr. Lesage: I believe the greater amount which was provided last year was justified because of a number of residences which were erected in Whitehorse mainly for officers of the department. This year the amount which is provided will cover the finishing of these homes, but the residences that we needed were built with the money provided for last year. This year there is an item of $22,000 for the extension of water and sewer mains in upper Whitehorse, $10,000 for new residences, and various small amounts for the finishing of the work undertaken last year in Whitehorse.

Item agreed to.

Forestry branch—

329. Branch administration, $111,646.

Mr. Herridge: Mr. Chairman, I would just like to say a word or two on this item. When the first item on the estimates was under discussion I suggested to the minister that his estimates should be referred to the committee on mines, forests and waters, not with particular reference to the amounts to be expended but in order that the hon. members of this house could have more information about the very useful work this department does. I speak on this item because on Tuesday night we had a debate on an amendment to the Research Council Act and I think some of the remarks made by some hon. members indicated a lack of knowledge of the good work being done by this branch. Several hon. members suggested studies in the utilization of wood and forest wastes and things of that sort, and it is quite obvious those hon. members have no knowledge of the good work which has been going on for years in the forest products laboratory at Vancouver and in Ottawa. I think that clearly indicates the necessity for these estimates being presented to a committee so that members may be informed of this work. I once again make that suggestion to the minister. It is too late to put it into effect this year but I hope he will consider it before introducing next year's estimates so that we will have an opportunity of hearing of the work being done by the members of his department. I would like to get the minister's response to my repeated suggestion.

Mr. Lesage: As this is the first time I have brought these estimates before the house, I have to admit that I have been so busy preparing them that I have not had much time to consider the hon. member's suggestion to refer the estimates to a committee of the house. I will consider his suggestion and I will certainly let him have my views on it before too long.

Mr. Hodgson: On the question of reforestation, I wonder if the minister could tell us what has been done in this regard and whether he would give us a breakdown of the cost, though the latter point may arise later. I would also like to point out that in this department alone the minister has 104 engineers and technicians. It must take a considerable amount of money to pay that number of men, and I have no doubt the committee will be looking forward to a considerable amount of work being done by them. Another aspect of the matter is that over the whole of his department the minister has more than 400 engineers and technicians. That factor alone should have the minister's consideration and I hope that before another year rolls around the minister will take a look and see if these men are earning their money, and whether we require more men or have enough at the present time. The number of men employed seems rather large and I hope the minister will be able to tell us something about their work. However, perhaps he can give me some information on how much reforestation has been done.

Mr. Lesage: Mr. Chairman, we require a great number of technicians, of course, in the forestry division. One has to remember that one person out of ten in Canada is employed in or connected with forestry or forest products. Forest production is one of the main economic sectors in Canada and it is of course important that we see to it that the forest and wood products are used to the best advantage. In addition, a great deal of research has to be carried out in connection with forests. We have research in wood utilization. We also have forest operations in the department. We have six stations on forest experimentation all across Canada. We have two laboratories on wood utilization and other forest products research, one in Ottawa and one in Vancouver. As the hon. member for Kootenay West says, in this branch of the Department of Northern Affairs and National Resources a great deal is done for that most important sector of the Canadian economy.

We are spending $1 million a year to assist the provinces in making an inventory of their forests, and we are also contributing toward reforestation in the provinces under the reforestation agreements that we have with six provinces. Last year over 9 million trees were planted.

Mr. Hodgson: Was that done by the minister's department or by the provincial governments?

Mr. Lesage: It was done by the provinces with our assistance under the Canada Forestry Act, under which we paid 20 per cent. We assisted up to 20 per cent in reforestation. As far as inventories are concerned, our contribution is 50 per cent.

Mr. Hodgson: Can the minister give me a breakdown? How much money do the provinces receive?

Mr. Lesage: Yes; toward forestry inventories in 1953-54 the provinces received just a little over $1 million; and in the two fiscal years 1951-52, 1952-53, $1,578,192. Eight provinces out of ten have signed agreements. Quebec and Newfoundland are the only ones that have not signed. About 66 per cent of the inventory of our forests in those eight provinces was taken as of the 31st day of March, 1954. I am sorry, I am told that it is 66 per cent of all Canada, not only of the eight provinces.

Mr. Montgomery: Does that include an inventory of the private lands in the provinces such as the New Brunswick railway lands?

Mr. Lesage: Yes, it includes all forest lands.

Mr. MacLean: I am concerned about the diseases which are destroying a lot of trees in the maritime provinces, apart from the insect destruction, such as the budworm. I am thinking of dieback in birch and things of that sort. I am curious to know whether or not the minister's department is doing any research in that connection, or is that done by the Department of Agriculture?

Mr. Lesage: It is done by the science service of the Department of Agriculture.

Item agreed to.

Forestry research division—
330. Operation and maintenance, $989,491.

Mr. Hodgson: This is the item to which I should have referred before. Under this item alone there are 104 engineers and draftsmen and only one technician.

Mr. Lesage: Well, in the broad sense, an engineer is also a technician. I agree that perhaps I was not absolutely exact, but a forest engineer is usually a learned technician.

Mr. Hodgson: The minister used the word "engineer" and not "technician".

Mr. Knowles: The minister probably knows that this is an item on which I could make a speech that would take a few minutes, but I am not going to do that. There are two reasons why I shall yield not to the temptation. The first is that the minister is new in the department. I would like to give him time to familiarize himself—

Mr. Lesage: Maybe he has.

Mr. Knowles: —with the department, and with the point that I have in mind. My second reason for making only a brief reference is that we had a discussion about this matter when the Criminal Code was before us earlier in this session. I refer to the question of the loss of forest resources as well as other property and the loss of life that arises because of certain kinds of cigarettes. I rise merely to say to the minister I hope that the very excellent research done by this division of his department in response to requests I have made for such research in former years will be continued. I would not want the minister or his department to think that because I have raised this question with the Minister of Justice that absolves his department from any responsibility for doing whatever can be done about this question. After all, the loss to forest resources by fire is a very serious matter, and because of that, as well as for other reasons, his department and his officials are interested in this matter. I trust that the research into this question

which has been started by this division of the minister's department will be continued. I shall ask about it again next session.

Mr. Cameron (Nanaimo): I should like to revert for a moment to the question we were discussing a while ago. I think it can be discussed under this item. I refer to the 20 per cent contribution the minister spoke of just now. Can he tell me what is the status of the lands in British Columbia held under the forest management licensing system of the provincial forest act with respect to this 20 per cent contribution for reforestation?

Mr. Lesage: I am informed that according to the agreement this assistance is given only in the case of unoccupied crown lands.

Mr. Cameron (Nanaimo): That was the point, Mr. Chairman. Technically these are crown lands.

Mr. Lesage: It includes the management type of unoccupied crown lands, I am informed.

Mr. Cameron (Nanaimo): These are crown lands held under leases and licenses.

Mr. Lesage: Yes; but they are not included.

Mr. Cameron (Nanaimo): Part of the terms of the forest management licences is that the licensee shall take the responsibility for reforestation. That is the point I want to get cleared up. Are these licensees drawing funds from the treasury after agreeing to undertake that on their own responsibility?

Mr. Lesage: I will have to check on the agreement, but I am informed by the director of the forestry branch that the agreement covers unlicensed crown lands.

Mr. Cameron (Nanaimo): Thank you.

Mr. Lesage: Unlicensed crown lands only.

Item agreed to.

Forestry operations division—

333. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,225,000.

Mr. Herridge: Can the minister tell the committee what is the procedure when a grant is made to a provincial government for making a forest inventory? Does the provincial government report to the federal government how they have expended that money and what areas have been dealt with, and so on?

Mr. Lesage: Yes.

Mr. Green: This item reads:

To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces.

[Mr. Knowles.]

Now, according to the Canada Forestry Act I find that considerable emphasis is there placed on forest protection. That appears first throughout the statute and protection from fire is the first type of protection—yet I understand that this assistance is not given for forest protection at all; that it only applies to forest inventory and reforestation. The bulk of it is for forest inventory. There is apparently $1 million for forest inventory and $225,000 for reforestation.

I wonder if the minister would explain why there are no agreements whatever for forest protection?

Mr. Lesage: Forest fire protection?

Mr. Green: Yes, forest fire protection.

If he will remember, the provincial government of British Columbia submitted a brief to the dominion government and included in that brief was a request for an agreement which would provide for some assistance in fire protection. It is pointed out that the forests provide the main wealth of the province of British Columbia. In fact, lumbering, logging and the production of pulpwood and paper are by far our largest industries. The brief goes on to indicate that the biggest problem faced in that province is protection from fire, yet they have not been able to reach any agreement with the dominion government on this particular activity. The two final paragraphs dealing with this point read as follows:

The federal-provincial agreement of 1951 makes no provision, however, for federal participation in financing fire protection, which is the primary problem affecting the conservation of the forest resources of British Columbia.

Such participation is essential and is warranted by the national interest in the protection and development of a basic natural resource which is a major factor in national production, national income and federal tax revenues.

Accordingly, it is submitted that the government of Canada should now enter into an agreement with British Columbia for equal financial participation in an approved plan to provide adequate protection of the forest resources of the province.

Newspaper dispatches subsequent to the submission of this brief held out some hope that the dominion government would listen to that plea. I wonder if the minister could explain to the committee today whether there is any possibility of an agreement being reached with the government of British Columbia concerning fire protection, and, if the dominion government is unwilling to make an agreement of that type with any province, why it is that government policy does not include fire protection which was stressed when the Canada Forestry Act became law.

Mr. Lesage: Mr. Chairman, first things, of course, must come first and the first thing to be done according to the advice that was received in the department was to have an inventory of the forest resources of Canada. As I said, this inventory of forest resources is now 66 per cent complete.

Mr. Green: How much?

Mr. Lesage: Sixty-six per cent complete as of the 31st of March. Now, of course, I know of the brief to which my hon. friend refers and which was presented to the Canadian government. On the evening of the day when the premier of British Columbia presented his brief to the cabinet I had a long discussion with him, his finance minister, Mr. Gunderson, and my deputy minister, in my office. We discussed the possibility of putting into application, not only for the province of British Columbia but for all provinces, that section of the Canada Forestry Act which deals with assistance to the provinces for forest fire protection. Since then I can assure members of the committee, and particularly my hon. friend who is from British Columbia, that we have that possibility under very active consideration. It is a difficult question and I have gone into the details of many possibilities. We are still working on it and I cannot say any more at this time than that it is presently under very active consideration.

Mr. Green: The department has in mind entering into agreements with the provinces covering fire protection?

Mr. Lesage: Of course, I am studying all the possibilities; but the decision to put into application that part of the forestry act is a matter of government policy and I would not be in a position today to announce what government policy on that score will be.

Item agreed to.

Forestry operations division—

334. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $500,000.

Mr. Brooks: I just wanted to make a few comments on this item which affects my province particularly. I also want to say a word in appreciation of this vote.

This is a very important matter as far as the province of New Brunswick is concerned. Possibly hon. members may not just know what the situation has been in our province in the last few years with respect to the budworm. The budworm as a forestry pest is not something new but its ravages in the last few years have become worse than they were in previous years.

In 1951, as the minister will recall, the government of New Brunswick and the International Pulp and Paper Company decided that the situation was so serious that they would organize some scheme to see if they could eradicate this pest. In that year the government of New Brunswick and the International Pulp and Paper Company agreed to spray and did spray some 200,000 acres of spruce forests in the northern part of the province. In 1953 they found that the results had been so good that it was decided to cover more territory. The provincial government at that time organized what was known as the forest protection company. The New Brunswick government and four private companies, International Pulp and Paper Company of New Brunswick, Fraser Lumber Company, Irvine Lumber Company and Bathurst Power and Paper Company combined. To show you how extensive the work is, five airplane landing fields were constructed in the area and in that year over 1,800,000 acres of forest lands were sprayed with DDT and some sort of oil solvent which was found to be very satisfactory.

In 1954, that is this year, I understand there are to be two more airfields added to the five which have already been constructed. There are also, I believe, some 50 aircraft to be in operation. Hon. members will understand just how extensive this operation is when I say there are 50 aircraft being used, seven airfields and many hundreds of employees. I just thought I would call this matter to the attention of the house because it is not something which concerns only the province of New Brunswick. It is something which concerns the whole of Canada, and the neighbouring state of Maine is also very much concerned over the situation.

I would also like to ask the minister in connection with this item why there has been a decrease from $1 million in 1953-54 to $500,000 in 1954-55, and whether it is the opinion of his department that the situation is well under control and possibly does not require the larger amount? In this connection, if I may, I should also like to read from a report which appeared in one of our papers recently with regard to the anti-budworm operations. It reads in part as follows:

> The plan is to cover new ground where the epidemic is reaching the critical stage, southeast of last year's operation. It aims to destroy the spruce budworm which, if left unchecked, could cause a major economic disaster.

Then Mr. Vernon E. Johnson, president of Forest Protection Limited, the company that was set up, had this to say in his report:

> "Achievements of the last two years in the New Brunswick 'battle of the budworm' are of tremendous importance to the Canadian forest," . . .

Not to the New Brunswick forest particularly but to the Canadian forest, Mr. Chairman. The quotation continues:

"We now consider it economically feasible to keep five or six thousand square miles of valuable and productive forests alive for as long as we have to, to save them from destruction by an insect epidemic".

In this connection I should also like to ask the minister whether this infestation has spread to other parts of Canada, and just what the general situation is with reference to the budworm in the province of New Brunswick and in Canada generally.

Mr. Lesage: I wish to thank the hon. member for drawing this vote to the attention of the members of the committee because I believe what we call the budworm operation is one of the largest operations of its kind ever attempted in the world. As a matter of fact, in 1953 the spraying operations were carried on by a corporation which was set up for this purpose, namely Forest Protection Limited. As my hon. friend knows, the federal government is supplying one-third of the expenditure, the provincial government one-third and the interested company or companies one-third. Last year nearly 1,100,000 gallons of DDT insecticide were sprayed from 77 aircraft over approximately 1,800,000 acres in New Brunswick.

Mr. Brooks: Seventy-seven aircraft?

Mr. Lesage: Seventy-seven aircraft last year; 50 is the figure for this coming year. According to the reports I have obtained of the work done last year, subsequent studies by forest entomologists of the federal Department of Agriculture showed that the average mortality of budworm larvae from spraying ranged from 87 to 99 per cent. Enough foliage was left on the trees to justify plans for respraying only a small part of that area this year. However, there is no evidence of a decline of the budworm in unsprayed areas and plans have been made by Forest Protection Limited to spray in 1954 an additional area of about one million acres, the forest on which is now threatened. This is, of course, the reason for the cut in the expenditure. The interested companies have judged that this year they would spray only one million acres instead of 1,800,000 acres. After an interview with Mr. Johnson, the president of New Brunswick International Paper Company who is also the president of Forest Protection Limited, it was agreed that an item in the estimates of half a million dollars would be sufficient for the operation this year.

My hon. friend has asked me about the situation with regard to the budworm menace in other provinces. I know that the menace exists in the province of Quebec and I have read in the papers that the government of Quebec would come into the picture, together with the interested companies, to do some spraying operations in eastern Quebec. This government was not asked to participate.

Mr. Brooks: Quebec is spraying?

Mr. Lesage: I have seen in the papers a report to that effect. No assistance was requested from this government.

Mr. Montgomery: The hon. member for Royal has covered this subject much better than I could do it, but there is one supplementary question I should like to ask the minister. Are these agreements entered into year by year or are they for any specific term? I notice that this year the amount is half a million dollars. Is there assistance for the next year under the agreement or is the agreement entered into as the case arises?

Mr. Lesage: Mr. Chairman, there has been an agreement between the Canadian government, the government of New Brunswick and—

Mr. Montgomery: Forest Protection Limited?

Mr. Lesage: No, not Forest Protection Limited. It is between the two governments. As far as the Canadian government is concerned, it has relations with the government of New Brunswick, not with the companies themselves which deal with the provincial government. As far as we are concerned, the assistance is given to the provincial government.

Mr. Hodgson: In money?

Mr. Lesage: In money.

Mr. Hodgson: The province administers it?

Mr. Lesage: No; Forest Protection Limited administers it. It is a company which has been organized on the provincial level. We have agreed to pay the government of New Brunswick—and we make our payments; we make our payments to the government of New Brunswick—one-third of the cost, up to a maximum of $3 million, of the aerial spraying operations against the budworm during the period from September 30, 1952, to March 31, 1956. Last year our contribution was $1 million. This year it will be $500,000. That is one-half of the total of $3 million which will have been spent, as far as we are concerned, at the end of the present fiscal year.

The Chairman: Shall the item carry?

Mr. Hodgson: The minister has made reference to an offer or an arrangement the government have made with the government of the province of New Brunswick. I think he also mentioned the fact that Quebec has not asked for any assistance or taken part in any arrangements. Would that same offer be open to the province of Ontario?

Mr. Brooks: We will give the hon. member's province some budworms so that they may get this assistance; they can have ours.

Mr. Lesage: We have no request from Ontario.

Mr. Hodgson: The reason I asked that question is this—

The Chairman: Order. The item deals with New Brunswick, and I am afraid that we cannot, under this particular item, discuss problems relating to Ontario.

Mr. Hodgson: I am going to discuss a problem relating to the Dominion of Canada. It is like the measles. It spread from New Brunswick across the province of Quebec into the province of Ontario. The dieback in birch is as bad now in the province of Ontario, I think, as it ever was in New Brunswick.

The Chairman: Order. Will the hon. member please confine his remarks to item 334 which deals with budworm in the province of New Brunswick?

Mr. Green: I rise on a point of order, Mr. Chairman. Where there is a vote for a forest pest of this kind, which originated in New Brunswick and when that forest pest has now spread to Ontario, surely an hon. member is entitled to rise and to suggest that the department should make some arrangement to deal with the pest in the other provinces. To try to prevent discussion of that kind seems to me to be limiting it altogether too much.

The Chairman: Shall the item carry?

Mr. Lesage: I do not know how to answer the question. We do not know where this budworm started. Maybe it came from Ontario. I do not know. According to my information, it is carried by the wind over long distances. The request for assistance in this case came from New Brunswick and, as I said a few moments ago, the same situation so far as the budworm is concerned exists in eastern Quebec, but no request for assistance has been received by the federal government from the government of Quebec. The same applies to Ontario, but up to this time I have not heard of any budworm menace in Ontario.

Mr. Hodgson: I should like to enlighten the minister. I can quite understand he is new in the department, but I should like to point out that the budworm menace started in the maritimes, has also resulted in the destruction of about half the timber in Quebec and is very prevalent in the province of Ontario. We also have another menace that came from New Brunswick. We have the dieback affecting birch trees. It is very detrimental to such trees in the province of Ontario at the present time. Where winds blow across provincial boundaries I think that the dominion government cannot help but accept some responsibility.

Mr. Brooks: I think I must deny the statement that all these diseases come from the province of New Brunswick. Mr. Johnson, president of Forest Protection Limited, said in his report:

> Achievements of the last two years in the New Brunswick "battle of the budworm" are of tremendous importance to the Canadian forest.

I should like to point out that this item does not only benefit the forests of the province of New Brunswick. The destruction of the pest in New Brunswick is keeping it from spreading to other parts of Canada which is probably of immeasurable benefit to the provinces of Ontario and Quebec. As it is a national problem, we are certainly entitled to consideration.

Mr. Hodgson: It has probably helped to drive it out of New Brunswick and into the other provinces.

Item agreed to.

Forest products laboratories division—

337. Grant to Canadian Forestry Association, $10,000.

Mr. Herridge: I am very pleased that the government has recognized the good work being done by the Canadian Forestry Association by raising the grant from $6,000 to $10,000 annually.

Item agreed to.

338. Grant to Pulp and Paper Research Institute of Canada, $100,000.

Mr. McBain: Would the minister explain this item? I know that in the hardwood-growing areas of the province of Ontario we are confronted with the fact that after the log is cut and utilized we have quite a problem in some instances in marketing the top part of the tree. I have been informed that the research council or the pulp and paper institute has been conducting research into the matter of utilizing hardwood in the manufacture of pulp and paper. Has the minister any information concerning how much progress has been made along that

line? Would he also say whether this matter comes under the provincial government or is it the federal government that is carrying on the research work?

Mr. Lesage: I am informed that a process has been developed to make pulp out of hardwood.

Item agreed to.

Eastern Rockies forest conservation board—
339. Remuneration and expenses of federal members of the board, $12,350.

Mr. Shaw: Those of us who are privileged to represent the western section of the province of Alberta have no hesitation at all in supporting the appropriation for this board. My own constituency extends to the border of British Columbia and embraces substantially what is known as the foothills area. I have no criticism whatever to offer. In fact I rise merely to suggest that in my opinion the board is doing a most excellent type of work. In the first place I should like to inquire whether there is any publication available setting forth the actual work of the board and its aims and objectives. In the second place, as a result of the number of questions directed to me by residents of that section of Alberta I wonder whether the board has given adequate consideration to its public relations. I am thinking, for example, in terms of the odd radio broadcast in that section of Alberta.

We all know that in matters of conservation of this kind in particular public understanding and co-operation are most essential. I do not make these remarks by way of criticism in any sense at all because I have no grounds for criticizing the work of the board. I simply commend them for what they are doing, but I do wonder whether the press and radio are used enough to keep people fully informed about the actual work of the board and what it intends to do.

Mr. Lesage: An annual report is published by the board which is tabled every year in the house.

Mr. Shaw: I was thinking more in terms of the public being informed. I am only judging from the number of questions directed to me. The people of my area know, for example, that a road is being constructed through the district. Many of them do not seem to realize the purpose of the road, although I do. Of course I get the annual report, but so far as public relations are concerned I think it would be a fine thing if the board would take under advisement the possibility of slightly better public relations in that section of Canada.

[Mr. McBain.]

Mr. Lesage: Do I understand that the hon. member's suggestion is that we should spend more money on public relations?

Mr. Shaw: I realize that criticism has been advanced from time to time, but I have never criticized. I will support any legitimate expenditure, and I certainly think that would be most legitimate.

Item agreed to.

Canadian government travel bureau—
340. To assist in promoting the tourist business in Canada, $1,561,407.

Mr. Herridge: I have in my hand a copy of the report of the department for the fiscal year ended March 31, 1953. I should like to refer to the section dealing with the activities of the Canadian government travel bureau.

Mr. Lesage: What page?

Mr. Herridge: Page 129. Under the heading "Functions of travel bureau" there is the following:

> The Canadian government travel bureau is the federal agency responsible for the promotion of travel to and within Canada and for the interests of the tourist industry in general.

It is the words "in general" that I want to use as my text. I have followed the advertising of the Canadian government travel bureau in the United States and Canada considerably, and while I admit the excellent work done by the bureau in general I have come to the conclusion that the advertising tends to direct tourists, particularly those from the United States, to those areas served by the hotels operated by the Canadian Pacific and Canadian National Railways. I would judge from the advertising that possibly the officials of these large organizations meet with the Canadian government travel bureau director and assist in planning the advertising. This is my point. I quite agree that this advertising should take place in order to bring to the attention of tourists these valuable hotel and resort facilities, but I do not think the small operators should be overlooked. There are thousands of small resort owners and I am of the opinion that they have been overlooked to some extent by the Canadian government travel bureau. For instance, Mr. Chairman, I live in one of the most beautiful districts in Canada, an area full of loveliness, as British Columbia generally is.

Mr. Sinclair: Hear, hear.

Mr. Herridge: Yet I have not seen a line of advertising about my district in United States periodicals and magazines. There are

dozens of very nice tourist resorts in British Columbia generally that are situated on small lakes or in the mountains, but the attention of tourists is not directed to the efforts of these smaller operators to provide recreational facilities for tourists. I suggest to the minister that more attention should be paid by the Canadian government travel bureau to bringing to the attention of tourists the thousands of small resorts we have in Canada, in some cases in isolated places, resorts that people prefer to go to rather than to the larger hotels. I remember on one occasion speaking to the general manager of the Canadian Pacific Railway in British Columbia, not the present general manager but a former general manager. I spoke about that steamer service that I have mentioned several times this session, Mr. Chairman. He told me that the policy of the company, so far as that service was concerned, was to make certain that the tourists proceeded along the main line of the C.P.R. and stopped at Banff, Lake Louise, the Vancouver hotel in Vancouver, and then proceeded on to Victoria and so on. We do not expect the railways to advertise the smaller resorts. I believe the Canadian government travel bureau should do more advertising of these small resorts and delightful spots to which people would go in larger numbers if they were directed to them. I should like to hear the minister's comments on my very mild criticisms and suggestions.

Mr. Lesage: I should like to be sure, first of all, Mr. Chairman, that the hon. member has not taken for advertisements of the travel bureau in the United States the numerous and expensive advertisements of the railway companies and large hotels that are advertising in the United States. So far as the travel bureau is concerned, it is accomplishing a difficult job.

Mr. Herridge: I admit that.

Mr. Lesage: We have to be very careful to try to give an equal amount of advertising to all parts of Canada, and Canada is a large country with a tremendous number of beautiful resorts and wonderful places to which tourists can go. Then, too, we advertise our national parks in the United States. We are advertising the beautiful spots that we have all across the country on a basis that is as fair as we can achieve. Again it is a difficult task.

Each year we have a federal-provincial conference on tourism. Last year in the early part of December I had the privilege of presiding over the federal-provincial conference on tourism. There were representatives of all the provinces, and there were no complaints from them that the travel bureau advertising in the United States was doing more for one part of the country than it was for other parts. So far as this mild criticism by the hon. member is concerned, as to the possibility of giving more importance in advertising to some places of beauty which might have some attraction for tourists, in which there is not a large hotel, I shall certainly look into the matter. I shall investigate the possibility of giving more prominence to the places where facilities are offered by small operators.

Mr. Johnston (Bow River): There are a few remarks I should like to make at this time. I must say that I believe the travel bureau has been doing a fairly good job of advertising our public parks and summer resorts in Canada. In fact, they have done such a good job, our recreational places in Canada have been receiving tourists in ever-increasing numbers. As a result of that good job we are confronted with quite a few difficulties in connection with the tourist trade. I want to point out two of those difficulties confronting tourists who travel in Canada, especially as those difficulties pertain to Banff national park.

Banff national park is, of course, the outstanding national park in Canada. One difficulty is that the travel bureau has been advertising the fishing possibilities in Banff national park. The national film board has put out pictures depicting the wonderful possibilities in this for those who like fishing. I am informed, Mr. Chairman, that this is causing a great deal of comment from some of the tourists who come to Banff in that when they go there they find that all this high pressure advertising is not what it was cracked up to be. When they go with their fishing tackle to spend the day on some of our rivers and cannot catch any fish at all there is keen disappointment.

Mr. Lesage: Well, well—

Mr. Johnston (Bow River): I am not a fisherman.

Mr. Lesage: I am.

Mr. Johnston (Bow River): The hon. member for Acadia, who is now in the banking and commerce committee, is, and he will verify what I am saying. He is an outstanding fisherman. I am told that there are not many fish in Banff national park. I recognize that we have a fish hatchery there, but the tourists and the people who live in Banff have told me that there are not nearly enough fish to meet the demands of the tourists who go to that park. I believe something should be done about that. I should like to know

what the minister intends to do in order to have a more adequate supply of fish in the streams and lakes so that our tourists may be assured of a reasonable amount of fish in that park.

One of the other things about which I want to speak is tourist accommodation. The fish situation is bad, but the tourist accommodation is much worse. I do not believe there is a place in Canada that is being more troubled over tourist accommodation than Banff. About two weeks ago a person who deals with tourist accommodation in Banff was visiting Ottawa. This lady came to visit me, and incidentally I took her over to see Mr. Coleman, who is in the parks administration branch at Ottawa—

Mr. Lesage: On a point of order, Mr. Chairman; the hon. member has just touched upon the reason why he is out of order. He is talking about national parks. The complaints he is making now pertain to the national parks to such an extent that he brought this person to the national parks branch. All the items concerning the national parks branch were passed last week, and we are now dealing with the travel bureau, which has nothing to do with national parks except the advertising of them in the United States.

Mr. Johnston (Bow River): I am speaking about tourist accommodation. I am speaking about the very thing with which this item deals.

Mr. Lesage: Tourist accommodation has nothing to do with the travel bureau, Mr. Chairman.

Mr. Johnston (Bow River): Certainly; it is as a result of the advertising done by the travel bureau that we have this problem. If we did not have the travel bureau putting out this expensive advertising, we would not be faced with this problem. As many as five hundred tourists in one night, who come to visit Banff park, have had to sleep in their cars because there was no accommodation for them. These tourists were attracted by the advertising put out under this very item. I could not possibly be out of order in speaking about this problem as I am now.

The Chairman: Order. The hon. member is discussing an item which reads:

To assist in promoting the tourist business in Canada.

As the hon. member knows, a great deal of this item is for promotional advertising and I feel that perhaps the point of order raised by the minister is well taken in that the hon. member had an opportunity of discussing accommodation at national parks under a previous item. I really do not think the hon. member, under item 340, should continue discussing the matter of accommodation in national parks.

Mr. Johnston (Bow River): Mr. Chairman, on those other items I discussed matters which came under those items. On that occasion, for example, I discussed highways and so on, but this is the only place which deals with the travel bureau and advertising put out by that bureau which attracts tourists to the Banff national park, as a result of which we in Banff find ourselves in a very bad situation. Indeed, the situation is so bad that when tourists come there as a result of this advertising put out by the bureau we sometimes have as many as five hundred people who have to sleep out at night in their cars, or in the depot if they come by bus or train.

Mr. Lesage: On a point of order. Do I understand the hon. member wishes us to stop advertising in the United States?

Mr. Johnston (Bow River): I made no such suggestion in that regard. I am not criticizing the travel bureau particularly for putting out such advertising. What I am criticizing is the department's failure to allow the Banff residents to provide accommodation for these people who come there as a result of this advertising. We are spending over $1,500,000 on advertising under this item and that is an increase of nearly $33,000 for this year. If that extra amount is to be effective at all it will result in an increasing number of tourists visiting Banff. What will the situation be then? The people in Banff will not be able to take care of these tourists and they will have to remain parked at night on the streets and in the parks and sleep in their cars and at the depot. Surely there is no other place to discuss this particular matter than under this item. In fact, we have spent so much time on this already that I could have been finished.

The Chairman: If the hon. member is asking me whether there is a proper place to discuss this matter then I would point out that I have already given him my ruling on this point. The proper place to discuss this is under the items dealing wtih national parks. This is essentially an advertising item and I do hope the hon. member will devote his remarks under this item to the advertising activities of the Canadian government travel bureau.

Mr. Johnston (Bow River): Well, Mr. Chairman, with your permission could that item be reopened for the purpose of discussing—

The Chairman: Only with the committee's consent.

Mr. Johnston (Bow River): But, Mr. Chairman, this is a borderline case. When we were discussing items dealing with national parks it was my belief that this particular matter could be discussed under this item. That is why I refrained at that time from discussing it. If we are not going to be permitted to put forth arguments in connection with advertising of these national parks under this item, then I do not know under which item it could be discussed.

The Chairman: I am sure the hon. member has misunderstood me. That is exactly what I am asking him to do, namely, to devote his remarks to advertising. I am in no way preventing him from discussing advertising by the Canadian government travel bureau.

Mr. Johnston (Bow River): Then I would like to ask the minister this, Mr. Chairman. Just what plans have the government in mind to take care of the tourists who come to Banff as a result of the advertising put out across this country by the travel bureau, the expenditure for which comes under this item? Are we going to allow tourists to sleep in the depot at Banff? Are we going to allow them to sleep in their cars all over the park? Certainly that is not the way of developing good relations with tourists who come to Canada. In addition, I would point out that the income from tourist travel is no small item. It runs to over $300 million a year. This is a very serious problem and I would like to know what the government is going to do to take care of this problem which arises as a result of advertising under this item.

Mr. Lesage: Mr. Chairman, I believe one of the best ways to prevent tourists from coming to Canada from now on would be to circulate prints of the speech just made by the hon. member. It is one of the worst services I have ever heard being rendered to the Canadian tourist industry. First of all, it is quite possible that a lot of these people who go to Banff like to sleep in the open. I know a lot of people who go camping and who take a delight in sleeping in the open in these beautiful spots around Banff and the national park. As far as complaints about accommodation for tourists in Canada are concerned, I might say that the government travel bureau sent out their usual questionnaire to tourists who had visited Canada last year. Out of 12,941 returns only 376 people, that is to say 2·9 per cent, had complaints to make about accommodation. That is a very small proportion.

Mr. Johnston (Bow River): Mr. Chairman, the minister is quite wrong in saying that these people who come into Banff by car, bus and train sleep overnight in their cars and at the depot because they desire to do so.

Mr. Lesage: Some do.

Mr. Johnston (Bow River): I am not asserting that some people do not like to sleep in the open in a tent, but I think they are very few in number and such people who do like to do that would certainly come prepared. Certainly the people who come there and have to sleep in their cars, sometimes as many as 500 per night, have not come prepared to do that and no one can tell me, Mr. Chairman, that these people go away satisfied. The minister has been discussing the very matter which should be discussed under this item. It presents a very serious problem to us in that section of the country, and that problem will become more serious this year. The Banff advisory council which, as hon. members may not be aware, is an elected body from the town of Banff, discusses these local matters with the park administration. Now it is true—

Mr. Lesage: Mr. Chairman, on a point of order: The hon. member is now completely out of order. He is discussing the Banff national park and the Banff advisory council. This advisory council is not a municipal council because the people at Banff do not pay municipal taxes. It is a council they themselves elect to deal with matters of interest to the town of Banff and they make representations to the Canadian government. But it has no authority at all, and in any event the point raised by the hon. member concerns national parks and has no relation to the travel bureau.

Mr. Johnston (Bow River): Mr. Chairman, may I just say that the minister has not kept in very close touch with the situation in Banff—

Mr. Lesage: I have.

Mr. Johnston (Bow River): But you are not very well informed.

Mr. Lesage: I will visit you this summer.

Mr. Johnston (Bow River): All right, and I hope you will have to sleep in your car.

Mr. Lesage: I will sleep with you outside and teach you how to fish.

Mr. Johnston (Bow River): Well, you had better bring a sleepingbag along because you might have to sleep in your car overnight.

Mr. Lesage: I will keep you out though.

Mr. Johnston (Bow River): I did not say that the advisory council had any legislative authority. Such matters are handled by the

federal government but the council do sit in an advisory capacity with the park authority and their relationship with Mr. B. I. M. Strong, the park superintendent, is harmonious. The council discuss with the park authority this particular matter of tourist accommodation. I have a letter before me from the advisory council dealing with this very problem. If I took this opportunity to read it into the record I know that you, Mr. Chairman, and probably rightly so, would say that I was getting beyond the terms of this item. Therefore, I do not intend to do that. But it does to a great extent follow along the very lines I have been suggesting. Regardless of what the minister has just said, I hope that when he does come to Banff this summer he will take into consideration some of the difficulties I have pointed out and see whether there cannot be some relaxation of the present regulations, particularly as to construction of tourist accommodation, and also see to it that the people in Banff are given such regulations as will enable them to take care of the tourist trade when it arrives there during the tourist season.

Mr. Simmons: I shall follow a different line from that of the previous speaker. It is interesting to know the bureau estimates that approximately 65,105 people visited the Yukon Territory in 1953. Automobile entries from September 1, 1952, to August 31, 1953, from Alaska were 14,365 as compared with 10,062 for the same period in the previous year. The number of entries by train, bus and aircraft during the period is estimated to be 6,609. Accurate figures for visitors entering by car over the Alaska highway from the south were not available at the time I got those figures.

In view of the scope of this tourist traffic, it would seem advisable that serious consideration should be given to the establishment of a tourist bureau to advertise our scenic and other attractions. Tourist traffic is vigorously encouraged and valued by the various provinces, and this type of activity means much to the future prosperity of the Yukon. I would respectfully recommend to the minister that greater publicity be given to the Yukon by the Canadian government travel bureau. I realize they have been rendering a wonderful service so far, but I think they could still do better to give more publicity to our northern areas.

Mr. Hodgson: I have just a word. I do not want to hold up the estimates when we are about to finish them, but after listening to the hon. members for Bow River and the Yukon and the minister, if starting an argument in this committee would induce him to come up to my section I would do so. If he comes I will guarantee him he will not have to sleep in a sleepingbag. We will provide him with a good road and good fishing, and I will be the best host that I know how to be.

To get back to the travel bureau, I think they have been doing a fairly good job. The only fault I can find with them is that they have been making too many pictures and doing too much advertising of Banff. I happen to represent an area from lake Simcoe, east as far as the Hastings boundary, the Victoria boundary in Ontario and Haliburton. About half of that is water. That gives the committee some idea of the tourist area we have. We are glad to have the advertising done, but do not forget this area right in the centre of Ontario. It is like the hub of a wheel. Do not forget to give us a little advertising when you are making those pictures, gentlemen. Bring some of your officials and we shall take care of them. If our accommodation is not good enough we shall make it bigger when you get us tourists.

Mr. Green: Is the travel bureau still housed in the old supreme court building?

Mr. Lesage: Yes.

Mr. Green: Some change should be made in the accommodation. The Canadian travel bureau is engaged in interesting United States tourists, and certainly if any of them ever have to go to the office of the travel bureau down in the old supreme court building they would head right back to the United States within fifteen minutes. I doubt very much whether the staff of the bureau are being given the opportunity to work under the best conditions in that accommodation. Is it not possible for the minister to secure better quarters for them?

Mr. Lesage: The allocation of office space in and around Ottawa to the various departments and government agencies is the responsibility of the Minister of Public Works. I understand that he is doing whatever he can to try to give decent accommodation to everyone. I can assure the committee that the Minister of Public Works is receiving constant representations from all of his colleagues for better accommodation, and he has to try and do his best with what is available. I can assure my hon. friend of course that among his colleagues I am one of the most insistent on that score.

Mr. Churchill: I have two or three questions to ask with regard to this matter of tourists. I noticed in the report of the department for the year that the number of tourists from the United States exceeded

the number of Canadians going abroad by only about 4 million. I noticed that the amount of money spent by Canadians who go abroad to the United States and elsewhere exceeds by $36 million that spent by the people coming from the United States to Canada.

Mr. Lesage: Last year it was $25 million; it was $37 million two years ago.

Mr. Churchill: The balance on the tourist trade industry is not in our favour.

A great deal of useful work may be done by the Canadian government travel bureau which I do not dispute at all. I wonder whether it is always directed in the right channels. Can the minister give us an indication as to the distribution of tourists coming into Canada from the United States by various areas, not necessarily by provinces? The hon. member for Yukon, who spoke just a few minutes ago, seemed to have information concerning tourists who entered his particular part of the country. The reason for my question is this: If we have some knowledge of the number of tourists from the United States coming into the various areas of the country, then we might relate them to the advertising program in the United States. I will stop at that point to see if the minister can give me an answer, and then proceed with my argument.

Mr. Lesage: As the hon. member has just said, we have for the past two years been experiencing a deficit in our tourist balance with the United States, if I may put it that way.

As I said a few moments ago, it was $37 million in 1952 and $25 million in 1953. In 1950 and 1951 we had surpluses in our tourist balance with the United States. The reasons that could be given for these deficits are many, but of course one is the fact that the Canadian dollar is at a premium, and it has been at a premium for the last few years, while the United States dollar was at a premium in the previous years. This encourages Canadian tourists to travel to the United States more than the United States tourists to travel to Canada. The average expenditure per United States tourist visiting Canada last year was $10.15 while the average per capita expenditure for the Canadian traveller to the United States was $13.40, if my memory serves me correctly. More Canadians went to the United States and Canadians who went to the United States spent more per capita than United States tourists who came to Canada last year.

One of the reasons for the increased numbers of Canadian travellers not only to the United States but to other parts of the world was the fair economic position in Canada—due in large part, of course, to the good administration of this government. That has been one of the reasons; and one of the other reasons, of course, has been the premium on the Canadian dollar.

With respect to the number of tourists who have visited various parts of Canada, I believe I gave some figures regarding the national parks when we were studying this part of my estimates. I do not have the numbers now before me of visitors to Canada from the United States, but I have the proportion spent by tourists in 1952 by province of entry, if that would help my hon. friend. It is a proportion based on a total of 100 per cent. Of the United States tourists' expenditures in 1952, 50·6 per cent were made in Ontario and 18·3 per cent in Quebec. I might give the figures for 1953 which may be more up to date. In that year the figures of expenditures were 51·5 per cent in Ontario; 18·6 per cent in Quebec; 14·6 per cent in British Columbia; Atlantic provinces, 8·1 per cent; Alberta, 2·9 per cent; Manitoba, 2·5 per cent; Saskatchewan, 1·8 per cent. According to my arithmetic that makes a total of 100 per cent.

Mr. Churchill: I have still one or two questions on this matter but I thank the minister for the information which he has supplied up to this point.

In commenting on his statement about Canadians going into the United States and the reasons therefor, I would say he omitted one reason—that there is a better highway system in the United States than in Canada. I am well aware that in discussing highways and accommodation for tourists in this country I would be out of order at this point, but those matters do have to be taken into consideration in respect to tourist traffic because they are of vital importance to those touring the country.

My reason for asking about the distribution of tourists throughout the different provinces, which the minister has answered by means of giving the expenditure of money, was to relate those figures to the advertising of Canada in the United States. I note in the report of the department on page 129, at the bottom of the page, that the tourist bureau operates a ground floor information office in New York, maintains an information office at Chicago, and another one at Los Angeles. Perhaps on the basis of the figures given it is a proper distribution for main offices under that arrangement. On the other hand, on a rather extensive tour that I took last summer in the United States I met a great many people who, noting that I had a Canadian licence, said, "Oh, I have been to Canada."

I asked what part of Canada and invariably it was some place in Ontario. They were not too well informed about the other parts of Canada.

I appreciate the difficulty there is in informing people in the United States with regard to Canada, and there are very good reasons for that. However, it may be that our publicity through the travel bureau is not reaching people in the United States to the extent that we perhaps think it ought to—and it may be that certain areas of our country get more emphasis than others. I would think that in the mid-west states there should be more mention of the prairie provinces than there should be of Ontario and Quebec, for instance. I do not know whether that is done but I think it should be done.

I was in Arizona, New Mexico, Texas, Oklahoma and so on but I do not recall seeing at garages, tourist camps and places where we stayed any information relating to Canada in the way of literature. I could, however, find information with regard to the various states of the union. It may well be that our publicity through the travel bureau should be directed at a wider distribution of road maps at filling stations and tourist camps in various parts of the United States. A person who starts off on an automobile tour does not always have the tour planned in advance. He does not always start off with full information. He sometimes makes diversions and the diversions may occur part way through his trip. If he is able to find information about some other point of interest at a tourist camp in the state or province within which he is moving he may change his direction. That is exactly what I have done on more than one occasion when going from coast to coast. A United States tourist might very well do that if he could get information about various parts of Canada at United States tourist camps and filling stations. That might well result in increased United States tourist travel in parts of our country which are not visited to the same extent as the two central provinces are visited.

I intended to ask another question. I notice in the report, on page 132, that the seventh federal-provincial tourist conference was held on December 2 and December 3, 1952. Was the eighth one held recently? Has there been a similar federal-provincial tourist conference within the last twelve months?

Before the minister replies to that, may I just point out that the tourist business is obviously of as much concern to the provinces as it is to the dominion. The provinces undertake a certain amount of work with regard to attracting tourists and

[Mr. Churchill.]

I presume that it is through these conferences that the work is co-ordinated. I would like to know in what way it is co-ordinated. I would like to know who pays the expense of those conferences when they are held; and, generally, I would like to have a report on the subjects that are discussed at these federal-provincial tourist conferences and what results appear to come from such gatherings.

Mr. Lesage: The eighth federal-provincial tourist conference was held in Ottawa, as I said about 15 or 20 minutes ago, in the first days of December last year under my chairmanship. More accurately, it was November 30, December 1, and December 2. The expenses of the delegates of each government are paid by that government. The report is a very bulky one. I have it in my hands now and I will be pleased to send a copy to the hon. member.

Mr. Churchill: Instead of sending me a a copy, can the minister summarize the main features of that report? What are the things that were emphasized in that conference?

Mr. Lesage: Mr. Chairman, may I place on *Hansard* a résumé of the nine resolutions which were adopted at the end of the conference? Would that be all right?

Mr. Churchill: Very well.

Mr. Lesage: May I have the consent of the committee to do that?

The Deputy Chairman: Can the minister indicate the approximate length of the document?

Mr. Lesage: It is one page.

The Deputy Chairman: Has the minister the unanimous consent of the committee to place that document on *Hansard*?

Some hon. Members: Agreed.

Mr. Lesage: It is entitled "Resolutions passed at Eighth Federal-Provincial Tourist Conference, November 30th-December 2nd, 1953". The document reads as follows:

Resolutions Passed at Eighth Federal-Provincial Tourist Conference November 30-December 2, 1953

The conference endorsed the following resolutions submitted by Chairman E. G. Rowebottom and the other members of the resolutions committee, R. A. Tweedie, Ronald A. Keith, W. B. Fraser, O. L. Vardy, C. D. Crowe and G. V. Fraser:

1. Resolved—that this conference express its approval and warm appreciation to the Canadian government travel bureau for the excellent manner in which all phases of this country's travel business have been promoted.

2. Whereas space rates, publishing, TV, radio and other promotive media production costs have risen sharply.

And whereas competition for the travel dollar is constantly increasing.

Therefore be it resolved that this conference respectfully urges that these facts be given the utmost consideration when Canadian travel bureau estimates for the next fiscal year are under review, to the end that Canada may be enabled to maintain and extend the favourable position she now holds in the field of travel.

3. Whereas offices operated by the Canadian government travel bureau in the United States have proven their worth in furthering travel to Canada.

Be it therefore resolved that this conference recommend that more favourable premises be obtained in the city of Chicago and that a ground floor office in Los Angeles be established as soon as possible.

4. Resolved that this conference commend all public bodies and other organizations for their efforts to preserve the natural assets of this country.

And be it further resolved that this conference urge that all such steps and efforts be accelerated and extended to the end that these priceless benefits be preserved in perpetuity.

5. Resolved that this conference urge the appropriate authorities to seek to have all provinces adopt uniform regulations governing the transportation by tourists of firearms and other sporting equipment.

6. Resolved that this conference extend its appreciation to the Hon. Jean Lesage, Minister of Resources and Development, for convening the eighth federal-provincial tourist conference and for the leadership given during the meetings.

Be it further resolved that this conference express its sincere thanks for the kindness and hospitality shown to the delegates.

7. Resolved that this conference extend its thanks to the chairman of the national film board, and all other federal officials who gave so generously of their time and counsel thus contributing greatly to the success of the conference.

8. Resolved that this conference extend a vote of thanks to the press and radio for reporting the conference in such an excellent manner.

9. Resolved that the report submitted by the special committee regarding the co-ordination of advertising between federal, provincial governments and the transportation companies of Canada be adopted and that the committee report its findings at the next annual meeting of this conference.

Mr. Nesbitt: There are one or two questions I should like to ask the minister about this item 340. The minister made some explanation as to what it is based on, but I was not quite sure on one point. The item reads "To assist in promoting the tourist business in Canada". Does this department receive funds from any other department?

Mr. Lesage: No. We are of assistance to provinces, the transportation companies and the various people who deal with the tourist industry. The hon. member for Winnipeg South Centre was asking me about the co-ordination of the work. May I say, just in a few words, that there is an agreement or an understanding which is known to the provinces and to the federal government and the federal government travel bureau, under which the federal bureau advertises mainly outside of Canada, such as in the United States, while the various provincial tourist bureaux advertise the facilities in their own provinces not only outside of Canada but also in the other provinces of Canada. We do not do any advertising in Canada itself. Of course that would be even more difficult than is advertising in the United States. What should we advertise in Quebec, for instance? What should we advertise in Ontario or in the other provinces? That would put us in an extremely difficult position. We therefore have an understanding that we advertise in the other countries—mainly in the United States, of course; I believe it is only in the United States—and that the provinces do their own particular advertising in Canada and in the United States, if they wish to do so.

Mr. Nesbitt: There is another question I should like to ask the minister. Can the minister explain exactly how the amount of income from United States tourists coming into Canada every year is estimated?

Mr. Lesage: Of course it is done by the dominion bureau of statistics. I do not know exactly what the process is, I must confess. Immigration and customs officers at the border, of course, have the exact number of United States citizens coming into Canada. As to the expenditures they make, I understand that there is a form which tourists coming to Canada must fill in; they are asked how much they are going to spend or how much they have spent.

Mr. Nesbitt: I gather that would include people who have travelled maybe for a few days or a few weeks in Canada. But as to the number of people going into and out of Canada, there are a great many Americans who may be travelling just for a few hours or who may be travelling back and forth daily. Would they make any such record of what they spent?

Mr. Lesage: No. Of course, one of the ways of measuring the amount of expenditures is, according to my information, through our balance of payments with the United States. It is a complicated calculation. I am in no position at the moment to give details about it.

Mr. Nesbitt: It is just an estimate?

Mr. Lesage: Oh, yes; it is just an estimate. It is certainly not a definite figure.

Mr. Nesbitt: I have one further question. I note that there is a $1 million item for advertising in American newspapers and magazines. Has the minister a list of American magazines that are advertised in?

Mr. Lesage: Yes, Mr. Chairman; it is a fairly long list. It covers three full pages. I do not believe that I should read it at this

time. However, I may say that in it are included general magazines, educational magazines, outdoor and sporting magazines, auto club publications, travel magazines, miscellaneous, and a long list of newspapers.

Mr. Nesbitt: Perhaps I can assist the minister by telling him what I am getting at. Since the minister indicates that these magazines are put in the list by categories, can he tell us what is estimated to be the amount that will be spent, for instance, in advertising in sporting magazines?

Mr. Lesage: Outdoor and sporting magazines, $29,080.

Mr. Nesbitt: Has the minister the figures as to the amount that would be spent in *Life* and *Time* magazines?

Mr. Lesage: For general weekly magazines, the amount to be spent is $200,485.

Mr. Nesbitt: Can the minister indicate how much of that amount, if any, is to be spent in *Life* or *Time* magazines?

Mr. Lesage: As to *Life* magazine, if my hon. friend is interested in knowing what is the circulation of the magazine, I may say that it is 5,400,000.

Mr. Nesbitt: I know that. That is why I asked the question.

Mr. Lesage: In *Life* the cost of advertising will be $54,400; and in *Time* magazine, $24,500.

Mr. Nesbitt: How many times would advertisements appear in *Life* and *Time* magazines? Can the minister indicate that?

Mr. Lesage: How many insertions?

Mr. Nesbitt: Yes.

Mr. Lesage: In *Life* magazine, five; in *Time* magazine, four.

Mr. Nesbitt: There are two more publications I should like to find out about, namely the *Saturday Evening Post* and the *National Geographic*. Has the minister the number of insertions and the amount of money spent with respect to those publications?

Mr. Lesage: As to the *Saturday Evening Post*, $70,540 for six insertions of one-half page; four insertions in four colours and two insertions in black and white. What is the other one?

Mr. Nesbitt: The *National Geographic*.

Mr. Lesage: In 1954 there is $42,500 for five insertions in four colours in the *National Geographic*.

Mr. Nesbitt: Are these full-page insertions?

Mr. Lesage: A page each time in the *National Geographic* magazine.

[Mr. Lesage.]

Mr. Nesbitt: I am not interested in the figures, but does the department advertise in *Collier's* or the *Reader's Digest*?

Mr. Lesage: *Collier's*, yes; *Reader's Digest*, no.

Mr. Knowles: May I ask the minister if most of this advertising is still placed—

Mr. Lesage: I was not able to hear.

Mr. Knowles: I am sorry to interrupt those friends of the minister who are talking behind him. Does the department still follow the practice of placing this advertising for the most part through a firm like Cockfield Brown—

Mr. Lesage: Yes.

Mr. Knowles: —and paying them a commission or, since it is routine, has the government given any thought to placing the advertising directly?

Mr. Lesage: We pay no commission, but it is through Cockfield Brown.

Mr. Knowles: Does Cockfield Brown do this work for nothing? Of course not.

Mr. Lesage: As my hon. friend knows, the travel bureau pays the same rates for this advertising when placed through Cockfield Brown as it would pay if it placed directly. The commission is paid by the publishers to Cockfield Brown who do all the detail and administrative work involved in the placing of this type of advertising. It does not cost the government a cent more. If we placed the advertising directly we would have to hire a lot of people and we would pay the same price. By using an advertising agency not only do we not pay any commission but we are saving money.

Mr. Knowles: Has the government ever inquired whether they would have to pay the same advertising rates if they placed it themselves?

Mr. Lesage: That is a very well known rule in the trade.

Mr. Nesbitt: Is the department satisfied, in the opinion of the minister, that a sufficient amount is spent on advertising and is it satisfied that it is allocated as well as it can be?

Mr. Lesage: Yes. I am convinced it is certainly well allocated. How could I say anything else? If I felt it was not well allocated I would see to it that it was allocated otherwise. Therefore I could not blame myself. With respect to the amount spent on advertising, if I were to listen to the hon. member for Bow River I would have to conclude that too much is spent, but I believe that in line with what the government

can allow for this item we spend a fairly reasonable amount every year compared with what is spent by the various provincial governments and by private agencies.

Mr. Johnston (Bow River): I never indicated at any time that there was too much advertising for our tourist business. I want that noted.

Mr. Nesbitt: In the past few months has the minister observed the position where these advertisements are inserted in such magazines as *Life*, *Time*, the *National Geographic*, the *Saturday Evening Post* and others?

Mr. Lesage: I have seen some and I think they are fairly well placed in the magazine. They are pretty conspicuous. I think it is good advertising and it is well placed.

Mr. Tustin: I should like to ask a question respecting the type of advertisement that is used. We are spending $1 million, and I should like to know whether it is general advertising that applies to all of Canada or whether we advertise certain sections of the country. I ask this question because I come from a part of the country that has a very extensive tourist trade. The county council of the county of Prince Edward, the town council of the town of Picton, and the chamber of commerce of Prince Edward county spend considerable money each year in putting out a tourist pamphlet which is sent to all parts of the United States. Of course we think it is good business to do so. What I really want to know is whether the advertising in all these publications is general in its nature; or is some part of Canada advertised as being better than others?

Mr. Lesage: In the national magazines the advertising is general. In the magazines I have mentioned the advertising is for Canada as a whole. However, so far as advertising in newspapers is concerned, we may at times advertise a region like the maritime provinces in a New York paper and advertise Manitoba or central Canada in a Chicago paper. That would apply to newspapers, but as far as magazines are concerned the advertising is of a general character applying to the whole of Canada.

Mr. Nesbitt: Who designs these advertisements? Are they designed wholly by the advertising agency, or are the designs submitted by the department?

Mr. Lesage: They are designed by the agency, Cockfield Brown, under the direction of the director of the travel bureau who, as my hon. friend knows, has quite a lot of experience in that field.

Mr. Herridge: Does that mean that Cockfield Brown chooses the areas to be advertised?

Mr. Lesage: No, I just said that it is under the direction of the director of the travel bureau. The director of the travel bureau is not the one who does the drawings, but he directs the work.

Mr. Gillis: Most of the discussion on this matter would lead one to believe that there is some doubt whether or not the advertising is national. I wonder whether the minister could settle that by taking two typical advertisements, one in a newspaper and one in a magazine, so that we may determine how national they are.

Mr. Lesage: I am sorry, but I have none here.

Mr. Gillis: Oh, I see. Well, we are still in doubt. The provinces do considerable advertising. We are approaching the tourist season now. British Columbia has put out some very attractive literature and the other provinces do a reasonably good job, but I should like to know how national in character the advertising done by the federal government is. From the few advertisements I have seen it is my impression that the advertising largely deals with the two central provinces. Mind you, from most of the discussion I have heard in this house on any subject that arises one would take it that Canada ends at Montreal anyway. I should like to take a look at the advertising that is farmed out by the department to some Montreal firm to determine for myself as to whether the same emphasis is put upon British Columbia and the maritime provinces as upon Quebec and Ontario. I have my doubts as to the national aspect of that advertising.

Mr. Lesage: I can assure my hon. friend that in our advertising in those magazines in the United States, we have some pictures of Cape Breton Highlands park, Fundy park and a lot of these places. We advertise the whole of Canada. I shall send my friend some examples of the kind of advertising that is being done by the travel bureau. I am sure he will be satisfied, as I must be because I come from Quebec, that Canada does not end at Montreal.

Mr. Nesbitt: Has the department ever received information or requested information from other Canadian or United States advertising agencies concerning the quality of the advertising now being put out to advertise Canada?

Mr. Goode: There seems to be some doubt in the minds of some hon. gentlemen opposite as to whether or not the department should

be placing the advertising in the manner in which it is. I should like them to know that any large business firm in this country spending this amount in advertising would use the same method. It is the proper method when you are placing a large amount of advertising. It does not cost one nickel to place it. What happens, I expect, is this. The department tells the advertising agency the type of advertising they want. Experts in the agency base their program on that and submit it to the department. It is on a strictly business basis. It does not cost the department one nickel. I can say that so far as the department's advertising of British Columbia is concerned, it is first class. We agree with it most heartily.

Mr. Nesbitt: I was not asking the hon. member a question, and in any event he misunderstood the question. I was asking whether or not the department or the director of the department had ever made an inquiry from other firms than the firm presently being used or had received designs from other firms to see what someone else could do.

Mr. Lesage: I am told that an agency in the United States, which specializes in evaluating the advertising done in that country, has examined the advertising the travel bureau has been doing and it has rated very high indeed.

Mr. Nesbitt: That answers my question. I had heard the view expressed that possibly the advertising was not as good as it might be.

Mr. Bell: Before we leave this item I should like to say that in criticizing the estimates here we should point out there is no reflection upon Mr. Dolan, the director of the travel bureau. He comes from New Brunswick, and we are very proud of him. He has done a good job up here, just as he did down in New Brunswick. I believe it is today that we are honouring him in Fredericton by presenting him with an honorary LL.D. The criticism would be of the bureau itself.

Mr. Herridge: How is this agency chosen? Is it as a result of tender or by competition? Is there any other firm or agency that has been consulted?

Mr. Lesage: This agency has been doing this work quite satisfactorily for years. It does not cost us anything, so why should we change? There is no tender, because it does not cost the government a cent.

Mr. Knowles: Does that mean you have never re-examined the question as to whether you should give it to some other firm or handle it in some other way?

[Mr. Goode.]

Mr. Lesage: We are satisfied, Mr. Chairman.

Mr. Knowles: I wonder why.

Item agreed to.

The Deputy Chairman: We shall now take up the estimates of the Department of Transport. Hon. members of the committee will find these estimates starting on page 59, and the details are on page 509.

DEPARTMENT OF TRANSPORT

443. Departmental administration, $1,456,640.

Mr. Small: Before you commence with this item, Mr. Chairman, I should like to start with another matter. It is not the first item; it is almost the last and concerns the Board of Transport Commissioners for Canada. I contend it properly should be the first—

The Deputy Chairman: I am not quite certain of the point the hon. member is trying to make. Did we carry an item too fast in the last department?

Mr. Small: No, I am talking about the Department of Transport.

The Deputy Chairman: We have just called the Department of Transport, item 443.

Hon. Lionel Chevrier (Minister of Transport): In presenting the estimates of my department, Mr. Chairman, I have for the past few years given a short statement in which I have reviewed the estimates according to the summary of standard objects of expenditure and special categories, which is inserted at the back of the estimates book. In my statement I called attention to the major projects and attempted, in the time at my disposal, to explain the more significant changes. Inasmuch as such a review seems to have been of assistance to hon. members, I propose, if it meets with the approval of the committee, to follow the same practice this year.

Before turning to an examination of the needs of the Department of Transport proper, I wish to point out that the estimates of the department, the air transport board, the board of transport commissioners, the Canadian maritime commission and the national harbours board aggregate $135,212,000 for 1954-55, roughly $13 million more than in 1953-54. The estimated net expenditure for the department alone in 1954-55 is $123,635,041, an increase of $14,678,972 over last year, mainly on account of the four following items.

First, civil salaries and wages, where the increase is $2,600,000. This was to give effect to the general salary revision which took place effective on December 1, 1953. Then, in construction and acquisition of buildings

and works, there is an increase of, roughly speaking, $2 million. Most of this increase is due to the celerity with which work has progressed on the Canso causeway. The third item has to do with construction or acquisition of equipment, $1,400,000, and there the increase arises mainly from the construction of vessels for the department.

Then under the heading of contributions, grants, and subsidies, there is an increase of $7,478,000, which is due chiefly to the decision of the government to implement one of the recommendations of the royal commission on transportation, namely, that which recommended a subsidy of $7 million for the maintenance of the railway tracks of the two main railways of Canada over the bridge which extends between the head of the lakes and eastern Canada. The increases in the estimates for this year therefore are in the main explained by the figures I have just given.

In addition to our own commitments my department will carry out services for the Department of National Defence such as air traffic control, meteorological services at establishments operated by the R.C.A.F., army, navy, or the defence research board, and construction and operation of facilities required under the NATO plan, estimated to cost $2,500,000.

Under object 1, that is salaries and wages, which amount roughly to $33 million, we have been obliged to provide for an increase of approximately $2,600,000. As I indicated, the greater portion of this, some $1,900,000, is required to cover the general salary increases to government employees authorized in November of last year. The balance is due to normal changes such as reclassifications, promotions and annual increases.

Here I would like to say a word or two about the number of employees in the Department of Transport because I know from time to time there is criticism in the house over the increase or decrease, though mostly that criticism is directed to the increases, in the number of employees in the department.

The total number of employees in the department at this time is 11,129. This is a reduction of 229 from last year and 412 from the year 1952-53. As is to be expected, this decrease is a net figure. By that I mean there are increases in certain units of the department and offsetting decreases in others. For example, in canal services there is an increase of 84 operating positions on the main line canals authorized to permit a six-day work week; in steamer operations we will need 44 positions for a new supply and buoy vessel at Saint John, New Brunswick; a reduction of 56 appears in aids to navigation, due chiefly to electrification of minor lights. In the telecommunications division, the sale of our facilities in British Columbia, coupled with the abolition of the private radio receiving station licence, results in a decrease of 385, but some 44 extra employees were needed to staff Loran stations in Newfoundland taken over from the U.S. coastguard, and new marine radio stations at Channel Head and Bicquette.

In the field of civil aviation there are 100 positions less, although in that sphere we contemplate no major changes in the general pattern of operation of airports. My department continues to be responsible for 102 airports and landing fields, although I am glad to say there have been signs of increasing municipal interest, with the cities of Sudbury and Timmins taking over operation of new municipal airports. We have agreed to take over in 1955 the operation of the airport at Vancouver which is the major Canadian international terminal on the west coast. At the present time negotiations are under way with the city of Vancouver with reference to the actual possession of the site, but I am informed by the city authorities that another plebiscite is required sometime in the near future and that it will not be possible to take over the airport until after that.

Mr. Green: What is the price that has been agreed upon?

Mr. Chevrier: One million dollars. I will skip for the time being several of the objects such as civilian allowances and professional and special services, there having been decreases in the latter, and move on to object No. 5, travelling, transportation and removal expenses. Here there is a decrease of $21,381 due largely to the sale of the British Columbia government telegraph and telephone system. I might say at this point that the sale of these facilities to private or semi-private enterprises is in accordance with the government's policy of disposing of public enterprises to commercial interests wherever it is economically feasible to do so.

The bulk of our travel and removal expense is chargeable to the air services branch. The nature of the duties performed by the civil aviation, telecommunications, meteorological and engineering divisions necessarily calls for a great deal of travel on inspection duties, and the transportation of people to and from the arctic, the subarctic and isolated points in Canada. Experience has shown that it is inadvisable to leave an

employee for more than two years in isolation. It has been our experience, too, that young men of this generation insist on getting married and taking their wives and families with them. Feeling this, it is next to impossible to fill these posts. The price, therefore, is what we pay for operating isolated stations in the middle of the twentieth century, in spite of which we have, by careful scrutiny, managed to show a slight decrease this year.

With reference to object No. 8, telephones, telegrams and other communication services, there is an increase here of $93,397 which results chiefly from the operation of the national facsimile circuit. That circuit was put into operation last year for the defence services and it is operated at Dorval. It is a system by means of which it is possible to improve weather observation programs in northern Canada, and it is a direct outgrowth of the defence program. It will help in giving a better weather reporting service and better general knowledge as to the climate.

These increases are due also to new weather reporting stations which will be operated at places such as Baker Lake, Fort Nelson, Aklavik and Coppermine. In rendering those services, either for the Department of National Defence or for the public generally, the leasing of wire facilities is essential to the rapid transmission of meteorological data.

I think I can leave that item for the moment and come to a major item which I know is of interest to this house, and that is object No. 13, construction or acquisition of buildings and works, including land. The amount in the estimates this year under this object is $33,741,791, and I should like to give the committee an outline of the major works or programs under way or projected, and in so doing I shall deal with the operating branches in the order in which they appear in the estimates.

In canal services there is a reduction of $1,230,000. This is due to the fact that the Atwater avenue and St. Remi tunnel installations will be practically completed.

As a matter of fact, I should have said the St. Remi development has been completed and the Atwater tunnel, now practically complete, is expected to be opened officially some time next month.

The Atwater avenue project embodies two double-lane vehicular-controlled access roadways 24 feet 6 inches in width and 2,400 feet in length extending from the intersection of Notre Dame street and Atwater avenue north of the Lachine canal to Centre street and Atwater avenue south of the canal, carried under the waterway in a tunnel 787 feet in length.

The tunnel proper consists of two tubes in each of which is provided a two-lane roadway as well as a 6-foot pedestrian sidewalk. The most modern lighting, ventilating and pumping equipment has been installed. The Atwater avenue project was constructed at a cost of approximately $6,750,000, and the St. Remi project, a somewhat similar installation, cost $4,500,000.

Under aids to navigation there is one large project, namely the second stage of the work involved in the construction of a 60-foot diameter lighthouse pier, with machinery and equipment, off the lower end of White Islet reef, some 80 miles below Quebec city. The amount of $600,000 is included for this work.

Under the strait of Canso improvements, since it is anticipated that this project will be 85 per cent complete by the end of March, 1955, we are placing in the estimates this year an amount of approximately $10 million, or $9,670,000, to be exact, which is $3 million in excess of last year's commitment. The committee will recall that the principal features are the rock-fill causeway across the strait, the ship lock on the Cape Breton shore, together with the necessary construction and relocation of railway trackage and highways. Here I may say that I visited the causeway not many months ago and flew over it. I was able to see for myself the excellent progress which was made at the time. In fact, the work by the contractor, the Northern Construction and J. W. Stewart Limited, is considerably ahead of schedule. There are three contracts involved there, the one for the construction of the causeway which has been awarded to the contractor whose name I have just mentioned, and the contract for the navigation lock, which was awarded to T. C. Gorman Limited, a subsidiary of Canadian Dredge and Dock, in March, 1953, at a cost of $5 million, roughly speaking. Here, too, the firm has made excellent progress.

The other contracts were awarded to the Maritime Steel and Foundries Limited of New Glasgow for the fabrication and erection of a combined highway and railway bridge across the upper entrance of the ship lock and for the sector gates of the lock.

Contracts for grading railway diversions have been awarded to the Modern Construction Company and Wasson Construction Company.

Then, dealing with the North Sydney-Port aux Basques ferry terminals, the terminal facilities at North Sydney include a pier 800 feet long by 163 feet wide, to provide on one side a berth for the *William Carson*, a vessel which was recently launched at the yards of Vickers in Montreal, and on the other side

berths will be provided for the Canadian National Railways who will be operating the ferry. There is also a large transit shed with a floor space of some 100,000 square feet which is under construction. The contract for the pier and shed foundation was awarded to T. C. Gorman Limited; for the structural steel frame of the transit shed to Robb Engineering Works Limited, and for other work on the shed to A. F. Byers Construction Company Limited.

The total estimated expenditure at North Sydney is in the neighbourhood of $3,900,000.

Then the facilities at Port aux Basques: wharf and other facilities are to cost $7 million, of which $2,250,000 is being provided in these estimates. We are also providing for the Yarmouth-Bar Harbor terminal. The Department of Public Works will undertake the construction of a dock together with the requisite terminal facilities at Yarmouth, Nova Scotia. An amount of $1 million is included in this year's estimates to provide for a loan to the Canadian National Railways to be applied to the construction of dock and terminal facilities at Bar Harbor, Maine. The town of Bar Harbor has provided a free site, and the state of Maine is advancing $1 million, subject to annual repayment without interest over a period of 30 years toward the construction.

I now deal with telecommunications. It accounts for more than $3 million of the object with which I am dealing. Some of the more important activities proposed for this field of operations are the continuation of the program for the installation of the new type of radio range system. It is a visual range between Montreal on the east and Windsor on the west. There is also provision for a ground control approach system at Gander to serve transatlantic flying; construction of radio range at lac Eon, reactivating radio range station at Fort Chimo, construction of radio range at Terrace to assist Kitimat aluminum development.

Under the meteorological heading there is construction for the meteorological division, owing to increased work in the north, and the major expenditures for this purpose have to do with the development of rawinsonde stations at Coral Harbour, Coppermine, Baker Lake and Nitchequon. This is an advanced form of weather observation through the use of balloons carrying equipment which sends back radio signals, giving a wide variety of detail on weather and wind conditions at various altitudes. It is a part of a general program to ensure complete weather coverage of northern Canada for defence purposes.

Under the heading of civil aviation are our airports programs which will call for the heaviest construction for the air services branch. The proposed outlay this year is $10 million, and as opposed to last year, the accent will be on terminal buildings this time rather than on runway facilities. I do not mean, by that, that we shall neglect runways, but we have a certain amount of money placed at our disposal, and the time has come when we have to renovate and give considerably more attention during the fiscal year to new terminal facilities. For instance, the major expenditures in this category will be made at Gander airport. The new terminal building at Saskatoon should be brought to a close. A civil terminal building at Harmon field, which is the United States base at Stephenville in Newfoundland, is proposed, provided that we can reach agreement with United States authorities. We also intend to make a start on a new and major terminal building at Dorval.

There will be as well substantial continuing work on runway development. A second runway at Gander is being lengthened and strengthened. At Windsor and lakehead, runways will be altered to accommodate the Viscount aircraft which Trans-Canada Air Lines are acquiring. Other locations I might mention are at Winnipeg, Fort McMurray, Yellowknife, Grande Prairie, Prince Albert, Rimouski, Rouyn and Quebec city.

A glance at the summary will show that we are proposing a total expenditure of approximately $13 million under the category of equipment, construction or acquisition, which is about 12 per cent over last year's figures, namely, $1,400,000 more than last year. This increase is related for the most part to the construction of vessels I mentioned earlier. I wanted to give the committee details of the construction of those vessels and I do so now, because I know the committee will be interested in this construction, which accounts for approximately $10 million of the $13 million referred to earlier.

The funds with reference to these are allocated as follows:

(1) a lighthouse supply and pilotage tender required at Goose Bay. The estimated cost is $90,000;

(2) a lighthouse supply and buoy vessel at Quebec. The estimated cost is $1,100,000, but we are providing $50,000 for preliminary expenditures only this year;

(3) a lighthouse supply and buoy vessel for Saint John, New Brunswick. The amount provided for completion of this item is $1,900,000;

(4) a lighthouse supply and buoy vessel for Victoria, British Columbia. I explained last year that we proposed to construct this vessel at an estimated cost of $1,250,000. The sum of $800,000 is provided to cover expenditures this year;

(5) the Pacific ocean standby weather ship, *St. Stephen*, is in urgent need of refitting. We have provided $400,000 for this purpose;

(6) the ferry vessel for the North Sydney-Port aux Basques service, on which we expect to spend $2,600,000;

(7) the Yarmouth-Bar Harbor ferry vessel, the keel of which was laid last summer, will be ready for operation in 1955. The reports I have indicate her construction is proceeding in a very satisfactory manner, and in these estimates provision is made for the expenditure of $4,100,000.

The last vessel to be named is a ferry vessel, for which we have included an initial amount of $250,000, and which will operate between Wood Island, Prince Edward Island, and Caribou, Nova Scotia. The government has decided to undertake this construction in view of the serious need for improving the service. The estimated cost of the ship is $1,500,000.

There are a number of other items that I could deal with either generally or in detail, but I think I have given the committee a sufficient idea of what the department intends to spend in the various divisions, namely, rail service, marine service and air service, and I think this should suffice for the purpose of the consideration of the estimates at this time.

Mr. Green: Mr. Chairman, I do thank the minister for giving us this summary of the moneys which he asked to have voted this year, based on the summary of standard objects which has been distributed to us with the annual estimates. I often wonder why the other departments do not make use of this summary. The minister is about the only one in the cabinet who does give us the story based on that summary.

As he explained, he is asking for about $135,200,000 in rough figures. That is an increase of $13,150,000—in other words an increase of more than 10 per cent over the expenditures in the last fiscal year. This increase is the fourth largest of any of the departments and it is asked for in spite of the fact that there is a decrease in the national harbours board vote of approximately $1,730,000, and a saving to the government because of selling the government telegraph and telephone system in British Columbia of about $975,000 under the administration item and about $645,000 under the construction item. Incidentally, I am afraid that the government did not make a very good deal when it sold those two systems. It certainly did not get the top price or anything near it.

Referring to the standard objects, we find that most of the items have been increased. The minister mentioned briefly telephones and telegrams. They are now up for the department, as distinguished from the boards, to almost $3 million, which is a very large sum to spend for service of this kind. This year there is an increase of $90,000 over the amount in last year's estimates and I find it very hard to believe that such a large increase was necessary.

Another item which has gone up a great deal is that for office stationery. The minister did not deal with it when he spoke, but his department is to spend $659,000 for office stationery, supplies, equipment and furnishings. That is an increase over the preceding year of $105,000. I suggest to the minister that items like this are ones on which a determined effort to make reductions would be far more beneficial than the amounts involved, because it would teach thrift. It would help to spread ideas of thrift throughout the department. I do not understand why there should be that increase in this particular item.

I will next turn to repairs and upkeep of equipment. We find that item is up to $2,372,000—an increase of about $150,000. That is not for the purchase of equipment but merely for repairs and upkeep of equipment owned by the department. Then we have rentals of equipment—practically doubled this year. In fact it is more than double, it has gone from $83,000 to $190,000. The minister did not say anything about either of the last two mentioned items and I think before this first item is passed he should just explain why there are these large increases in these items.

There is an increase in the special category called deficits of $1,265,000. He did not attempt to explain that and I would ask him to do so.

Mr. Chevrier: Which one was that?

Mr. Green: It comes under special category 33 of the summary, deficits, which are up to $5,164,000. That is an increase over last year of $1,265,000.

Those are only some of the items I would ask the minister to explain.

He said that the staff of his department had been decreased. Well, there must be something wrong with my figures because I worked it out that he had an increase of about 165 after taking into consideration the fact that he was able to cut his staff by about 244 because of the disposal of the government telegraph and telephone system in British

Columbia. We will have to try to get together on those figures. I had intended to censure him for such a large increase under present conditions.

I have another point in connection with his estimates and it is this. I would like to know why it would not be possible to have the Department of Public Works do some of the construction work for the Department of Transport. This year the minister is asking for $33,740,000 in round figures for the construction or acquisition of buildings, works and land. That is almost one-half of the amount that we voted the Department of Public Works for the same type of expenditure—and the Department of Public Works is supposed to be the building department in this governmental set-up. When their estimates were up I pointed out that the government has been getting into the very bad habit of setting up little building branches in all other departments—and I think the Department of Transport has the largest building department outside the Department of Public Works. I do not see why much of this construction should not be brought under the Department of Public Works.

The minister referred, for example, to airways and the fact that construction of airways and airports totalled $10 million. He mentioned that his department was going to build terminal buildings. Why does the Department of Transport have to build terminal buildings at airports when the Department of Public Works builds all the other buildings at those particular centres? I suggest that we would economize if we had the Department of Public Works doing building of that type. I admit that there are some types of construction which can well be carried out under the Department of Transport, but I hope that during this year the minister will go through all of these construction items and see if it would not be possible to hand over some of the work to the Department of Public Works.

Mr. Chevrier: They are specialist jobs.

Mr. Green: He is asking for $2,345,000 for construction work for the radio aviation service; another $9,670,000 for the Canso causeway.

Mr. Chevrier: Surely my hon. friend would not suggest that be given to public works?

Mr. Green: It may be, as I said a moment ago, that some of this work should be done by the Department of Transport. We have the dock at North Sydney, $956,000. I do not see why the Department of Public Works cannot build a dock. As it is, they build docks all over the country. Why can they not build this dock at North Sydney? The same thing applies to the dock at Port aux Basques where there is a vote of $2,555,000. Then there is the meteorological service, $970,000; telegraphs and telephone, $310,000; northwest communication system, $205,000; radio aids, $516,000. There must be a lot of construction which is to be covered by those votes which could very well be done by the Department of Public Works. The minister has mentioned tunnels in Montreal to be built. Why could not the Department of Public Works build them?

Mr. Chevrier: Those are all facilities that have to do with transport. They are connected with the Canadian National Railways either directly or indirectly. I think it would be a bad principle to divide them giving a proportion to public works and a proportion to transport.

Mr. Green: They may be connected with the railways but they are public works. I think the onus should be on any department to show that the Department of Public Works cannot build a particular work before a department such as the Department of Transport undertakes to do it. The national harbours board, for construction, are asking $5 million. I should like to know why some of that work cannot be done by the Department of Public Works.

Mr. Chevrier: May I ask a question?

Mr. Green: I would prefer to finish my statement.

Mr. Chevrier: I do not want to interrupt the hon. gentleman.

Mr. Green: What about the St. Lawrence waterway? Is the Department of Transport going to do all the construction work on the St. Lawrence waterway and in that way become a far greater building department than is the Department of Public Works? I should like the minister to explain just what part the respective departments are going to have in the construction work that will be done on that waterway.

Another point is this. There have been great changes in the Department of Public Works. An extensive face-lifting has been going on there for the last few months. At least, we are told that is what has been happening, and I think perhaps the information is correct. I am wondering whether anything of the kind is taking place or is about to take place in the Department of Transport.

I have here an extremely interesting book called "The Canadian Bureaucracy" by Taylor Cole. It deals with Canadian government.

At page 22, referring to these two departments, namely public works and transport, we find this statement:

Certain other departments are still known as "patronage departments" in popular parlance. These include the departments of public works and transport, which have an appreciable number of "prevailing-rates" employees not subject to the jurisdiction of the civil service commission.

Mr. Chevrier: I had never heard that this was a patronage department.

Mr. Green: This is the opinion of this author who wrote the book entitled "The Canadian Bureaucracy". I hope his views are incorrect. But perhaps it would not be a bad idea for the minister to take a look around his department in order to see whether that charge is a fair one. After all, his department is not free of faults.

Why does the Department of Transport not permit the opening of tenders in public? I am told that it is the only department of government that refuses to have tenders opened in public, apart from the war departments. I have here a brief of the Canadian Construction Association which was submitted to the government on February 22 of this year. In it we find this statement:

Endorsation was also given to another policy statement advocating the calling of competitive tenders on all construction work involving public funds and the public advertising and opening of these tenders except with regard to work in the "secret" or emergency categories. We are happy to report that all federal agencies conform to this policy with but one exception—

And I believe that exception is the minister's department.

—and that the procedures followed by such agencies as the Department of Public Works and the national harbours board are frequently cited as examples to other governmental bodies. During the past year, a number of departments carrying out relatively small construction programs agreed to conduct public tender openings with a representative of the association present and currently there is only one department that does not make construction tender information available. It is hoped that this situation will soon change. The privilege of attending the tender openings for federal construction projects is very much appreciated by the association in that it enables bidders to be advised quickly as to their relative standing. This information is most helpful for it enables decisions without delay concerning equipment movements and whether or not to tender on other projects. It also is a further indication to potential bidders that their tenders will be considered on an equitable basis. From the department's standpoint, public tender openings constitute good public relations and will tend to encourage greater competition and ensuing better prices for its projects.

That suggestion was made to the cabinet. I hope that the department either have already acted on it or will do so in the future.

I intend to devote the rest of my time this afternoon, Mr. Chairman, to one subject which comes under the jurisdiction of the Minister of Transport, namely Canada's deep-sea merchant marine. We in the opposition are greatly concerned about the merchant marine. We regret that adequate steps have not yet been taken by the government to avert the disappearance of the Canadian deep-sea fleet. We believe it is not yet too late to prevent this tragedy, and we urge the government to take another look at the situation.

After world war II the government studied the problem of Canada's deep-sea fleet. We came out of the war with a substantial merchant navy; I believe we had the third or fourth largest merchant fleet in the world. As a result of the studies made, it was decided that we would have a merchant navy with modern fast ships. I have here the pertinent report of the Canadian maritime commission, namely their second report which is the one made in 1949. At page 51 they sum up this policy as follows:

It appears to us that in the next few years Canada's chief problem will be to dispose of her exportable surpluses.

Of course, that statement is true today. The quotation continues:

It is not possible or advisable to force overseas buyers to ship in Canadian bottoms if they have not dollars to pay in freights. It is therefore obvious that the Canadian flag fleet must be drastically reduced. We believe, however, that with the advantage of trade routes developed during and since the war and under normal conditions the Canadian shipping industry has a reasonable opportunity of continuing in existence with a comparatively small well-balanced fleet composed of modern fast ships suitable for the trades in which they are employed.

I believe there was a later recommendation by the Canadian maritime commission in which they recommended to the government that there should be a nucleus of about 50 ships in the Canadian deep-sea fleet, including those ships belonging to Canadian National Steamships. I believe the recommendation also indicated that there was only one way in which such a fleet could be acquired, namely to subsidize operating expenses of, for instance, 25 or 30 ships. Apparently the cost of operating a Canadian ship is about $100,000 a year higher than that of operating a British ship. That recommendation therefore would have involved a subsidy of about $2,500,000 or $3 million.

Then I believe there was, from an interdepartmental committee known as the external trade policy committee, a recommendation to much the same effect with regard to a merchant fleet. But these recommendations have been ignored or rejected by the government. I admit that various plans, such as the tonnage-replacement plan, have been tried; but they have been unsuccessful. We now find

ourselves in a position where the Canadian merchant fleet has practically disappeared.

Mr. Chairman, at that point may I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Green: Mr. Chairman, when the committee rose at six o'clock I had just commenced to deal with the question of Canada's deep-sea merchant marine and had pointed out that the government had adopted a policy shortly after the war of having a merchant navy composed of a reasonably small number of modern fast ships, but that in spite of that policy having been adopted it had failed and that we now have reached the position where the deep-sea fleet is practically gone.

The last statement of policy was made by the Minister of Transport in November of last year. It set out that the ship owners could sell their vessels but that the proceeds must be placed in the escrow fund which had been established some years earlier and must be used to buy modern cargo vessels. There was also a change in what had been followed previously in that it was provided that any new vessels need not necessarily be built in Canadian yards. That of course was designed to enable the ship owners to have their ships constructed in British yards where they could be had for a good deal lower price.

But it was stated in the policy that the government would not pay any operating subsidy at the time. The paragraph dealing with operating subsidies read as follows:

> It is further announced that, after due consideration, the government has decided that the request made by the Canadian Shipowners Association for operating subsidy could not be approved at the present time. However, if it appears feasible to establish modern Canadian flag vessels on certain routes that would be of benefit to the development of Canadian trade, Mr. Chevrier indicated that consideration might be given at a later date as to whether or not some form of assistance ought to be provided in such cases.

The government also refused at the time to allow the ship owners to sell their ships outright without any conditions.

A few days later, on November 26, I spoke in the house during the debate on the speech from the throne and asked the Minister of Transport this question: Are we going to have a Canadian merchant navy or are we not? I pointed out that the sixth report of the Canadian maritime commission, dated June 29, 1953, had shown that there only remained 65 deep-sea dry cargo vessels in the Canadian merchant fleet as of March 31, 1952. At the time I spoke in November, 1953, that number had already been reduced to 44, and it was only too clear at the time that the whole fleet was on the way out unless some drastic action was taken by the government.

The minister replied the following day, November 27, and his remarks will be found at page 410 of *Hansard*. He argued that the country would have to find some $100 million to $200 million if there was to be a modern cargo fleet. He based that figure on a cost of $4 million per ship and argued on the basis that the government would have to pay either the whole cost of the new ships or at least half of the cost. Nobody has ever suggested that. I have never heard it suggested by the ship owners or by anyone else. Certainly I did not suggest it. The only suggestion that had been made was that there should be an operating subsidy of $100,000 per year per ship.

Then the minister went on to argue that we had 90 ships under United Kingdom registry and that they could be brought back if we needed more ships. The facts are that those ships are all old ships. They were all built during the war, and they are manned of course by British officers and seamen. The manner in which they are used is under the direction of the British authorities. When they have major repairs done that work goes to British shipyards, and they could not be operated by Canada even if they were brought back at the present time.

I asked the minister a series of questions which were answered on February 18. The answers are to be found at page 2201 of *Hansard*. One of the questions was:

> What plans, if any, has the government in hand to man and operate these vessels—

The reference is to the Canadian vessels which had been transferred to United Kingdom registry.

> —if they should be returned to Canadian registry?

This was the answer:

> In the event of the return of any or all of these vessels to Canadian registry their Canadian owners, operators or managers would man and operate them as they did in the past.

That sounds very good, but the fact is that the officers and seamen who were in the Canadian merchant navy have gone to other work. They had to leave. They had to find other jobs. I know quite a few of them in Vancouver who have given up the sea as a career and have gone into other work.

They are not available to man these ships if they should ever be brought back from the United Kingdom.

Then the minister argued that everything was all right because if there were a war there was going to be a North Atlantic Treaty Organization shipping pool and we would be taken care of out of that pool. I understand that other nations are not quite so simple. They are retaining ships which are not being placed in the pool so that they may protect their own interests. If Canada gets into the position where the only ships she may have in the pool are those that have been transferred long since to British registry—most of them have been gone quite a while—then her voice in that pool will not be very loud.

The statement of policy made by the minister on November 12 was followed by the flight of further vessels from the Canadian flag. I understand that at the time my questions were answered in February, applications had been made for the transfer of 21 more ships to British registry. Those applications have been approved. In addition I believe a few ships have been sold, but not one modern cargo vessel has been built or is about to be built as a result of this policy announced on November 12.

The position is that at the end of June Canada will have approximately 21 dry cargo deep-sea vessels in her merchant marine. Of those 21, only 14 are engaged in the deep-sea trade. Only two of the hundreds that were built during the war, 10,000-tonners, are engaged in foreign trade. There is one 4,700-tonner, eight Canadian National steamships and three other vessels that were built since the war, but apparently they are not fast modern cargo vessels. The eight vessels owned by Canadian National Steamships may very well be sold. The company operated at a deficit, I believe, last year, and there have been press reports to the effect that the Canadian National Steamships may go out of the freight business, in which event 8 of those 14 ships would be gone. The other 7 ships, making a total of 21, are all plying in coastal waters.

The situation can very well be illustrated by what has happened to the ships that were steaming out of the port of Vancouver. In 1947 we had 46 Canadian cargo vessels working out of that port. This year that number was reduced first to two and then to one. I believe the transfer of that one to United Kingdom registry has already been approved, and as soon as she returns from her present voyage she will go to the United Kingdom registry. The great port of Vancouver, therefore, will have no deep-sea cargo vessels under the Canadian flag.

[Mr. Green.]

Canada will have, at the end of June, the smallest tonnage of dry cargo vessels in 35 years. This situation, Mr. Chairman, is tragic and yet the government has no effective policy to meet it. The government is acting as though we had a fleet. I point out to the minister that in his own estimates, vote 453, we find under the particulars at page 527 there is money to be voted for a training program for the certification of able seamen, and incidentally for campaign stars and war medals for merchant seamen. These men are getting their medals a good deal more easily than they got proper benefits. Then, under vote 473 of the Department of Transport, we find there is to be $300,000 voted for degaussing and strengthening for armament sea-going merchant ships of Canadian registry of 1,000 gross tons and over. I point out that if the minister does not get this work done quickly he will not have any ships left to degauss. Then under vote 188, for the Department of Labour, the general description states that this money is to be used in part for the training of personnel for the merchant marine.

These votes are being asked, yet actually the government is just letting the Canadian merchant navy die out. As I said, officers and seamen have gone to other jobs. Canadian operators are going into other businesses. Foreign vessels are moving in, and to me this is one of the greatest failures of the present Canadian government. The official opposition believes that Canada must keep the nucleus of a deep-sea fleet, composed of at least a reasonable proportion of modern fast vessels; that we must keep a certain number of trained personnel and experienced operators. It is obvious that that should be Canadian policy, and I should like to give the committee some of my reasons for making that statement.

First of all we need a merchant marine to carry our trade. We have to export to live, and we have to export more per head than the people of any other nation. Yesterday this house approved of the Canada-Japan trade treaty. I ask you, Mr. Chairman, who is to carry that trade. It certainly is not going to go in Canadian bottoms. Japanese merchant ships are already coming into Vancouver harbour, bringing in their goods and taking away iron ore and other materials. Practically all this trade is going to be carried in Japanese bottoms unless the Canadian government changes its policy.

Then, let us consider the St. Lawrence. Here we are about to spend hundreds of millions of dollars on the building of the St. Lawrence seaway. All of the ports on the great lakes are looking forward to a large foreign trade. There will not be very

many Canadian cargo vessels coming in with that trade. Practically all the trade that is carried in deep-sea vessels is going to be carried by foreign vessels, unless there is a change in Canadian government policy so that we do retain a Canadian merchant marine. Then, too, we should not make ourselves subject to the whims of other nations in so far as deep-sea shipping is concerned. We need a merchant navy for defence. What is the use of building a big escort fighting navy when we have not any ships to escort? That is the position in which Canada stands today.

I have here a press dispatch of June 9, 1950, reporting a speech by Vice Admiral Grant, who was then chief of the Canadian naval staff. He said:

> No one has yet produced a substitute for the merchant ship . . . We should make no mistake, in the event of an attack on the freedom loving nations, we must be prepared to carry the war to the enemies' gates and the maintenance and supply of our allied forces overseas would require all the merchant shipping of the free world afloat today, plus every ton we could build.

Three months ago, on February 12, a further press dispatch appeared reporting a statement by J. A. S. Peck, naval architect with Canadian Vickers Limited. He pointed out Canada's need for a competent merchant marine in time of national emergency. He is reported as having told members at the annual meeting of the Canadian Shipbuilding and Ship Repairing Association that a merchant marine was needed, not merely to transport men and material to particular danger points but to act as the nation's economic lifeline at a time when externally-owned tonnage may be in critically short supply.

We need a merchant marine to help Canadian shipyards. The construction of naval vessels is nearing an end, and when there is no more of that work our shipyards are going to be in serious trouble. We should have Canadian merchant vessels that could keep these yards busy with repair work, and new vessels could also be built in these Canadian yards. We need a merchant marine for the retention of management and operational skills and for the prestige of the nation; for the development of Canada into one of the greatest nations of the world and because a merchant marine is part of our general transportation picture. A merchant marine is just as much a part of the transportation problem of Canada as is transportation within our boundaries; it is all part of one transportation picture.

I would point out that no other nation has followed a policy such as the one this government has now adopted. Back in 1936 the United States decided that they were going to maintain a merchant navy and in their merchant marine act of that year we find this declaration of policy set out in section 101:

> It is necessary for the national defence and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times, (b) capable of serving as a naval and military auxiliary in time of war or national emergency, (c) owned and operated under the United States flag by citizens of the United States in so far as may be practicable, and (d) composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine.

That policy was investigated this year by a committee set up under the under-secretary of commerce. In his report, published on May 3, we find this as his first conclusion:

> Our basic national maritime policy is sound. Indeed, its objectives are so fundamental to the national interest that their attainment should be given primary consideration at all times.

Japan and Germany are moving rapidly into the field. Last year, 1953, the British built the largest tonnage of new ships, but Germany was second and not very far behind, while Japan was third. Those two countries had great merchant fleets before the war and they are rapidly getting back into the same position.

Even Switzerland has a merchant marine which will be bigger than the Canadian merchant marine at the end of June. I have here the foreign trade publication of the Department of Trade and Commerce for December 19, 1953 and in an article entitled "Switzerland's Merchant Marine" I find the following:

> Berne—Switzerland's dependence on foreign sources of supply for foodstuffs and for the raw materials for its industries has led to the creation of a Swiss merchant fleet. Without the fleet this country would, to a certain degree, suffer starvation and its industries would be severely crippled, in wartime, as they were in the world wars of 1914 and 1939.

And further down:

> At the end of the last war, the Swiss people agreed that this fleet should be maintained and the confederation sold its ships to private shipping companies, which have gradually developed the Swiss merchant fleet. In June 1950, at the outbreak of the war in Korea, the fleet totalled 90,000 tons deadweight.

And then further:

> The Swiss fleet comprises 33 ships totalling about 191 thousand tons deadweight, of which 20 have been built since 1948. The ships are modern and fast.

Why are these other nations adopting this policy of having a merchant marine? I submit it is because they know from experience that they must have their own ships. Is Canada to be the only nation taking the position that she has no need of a merchant navy? That is the problem. That is the question which must be faced by the government today. Time is running out. Unless something is done very quickly Canada will be in exactly that position, namely, that she has no deep-sea merchant navy.

We believe that there is still time to avert this disaster. We urge the government to have another look at this question. We urge them to bring about a change of policy. We believe that it will be one of the greatest tragedies in Canadian history if the Canadian merchant navy is allowed to disappear.

Mr. Gillis: Mr. Chairman, it is always a pleasure to discuss the estimates of the Minister of Transport because he always supplies us with a most comprehensive statement. I was very pleased to hear him announce tonight that he was interested enough in the Canso causeway to have had a recent look at it. Of course he was always interested in it, much more so than a lot of people who are claiming credit for that job.

I am glad that he had a recent look at it. I did also. It is about 85 per cent completed. It is a big undertaking and one that was long overdue. I know that when the minister goes down there within the next year or so to open that bridge—by the way I named it some time ago in the house as the Chevrier causeway—he will appreciate how important it is. Both he and I know that many difficulties that would never have been gotten around were overcome because of his own interest and faith in the project at a time when others were claiming it was an engineering impossibility, merely a visionary dream and simply a piece of old-time politics.

Nevertheless it is a reality there today and will serve a most useful purpose. The island of Cape Breton contains one-third of the total population of Nova Scotia and it is the largest industrial section east of Montreal. The transportation bottleneck that existed held back its development for many years. I am confident that when the causeway is completed and the bottleneck removed it will do a lot for the economic future of that island.

I am glad to hear also that the contracts for the diversion of the road and the construction of the lock on the Cape Breton side have been let. I know the minister is going to be quite proud of that project some day and that day is not too far away.

I should like to say a few words on another item which I think is quite close to these estimates, and I refer to the St. Lawrence seaway. The minister is well aware that when this matter was under discussion a few months ago I was the only member who got up and voiced objection. When the Leader of the Opposition was welcoming the news that the United States had decided to come in and do their share of the project he said that every member of the house would welcome the announcement. I notice that the hon. member for Winnipeg North Centre was a little more cautious when he said "nearly every member".

As far as I am concerned the matter is settled. I have sense enough to know there is no use continuing to fight after the referee has counted you out. You are not fighting any more, you are just imagining you are. First I should like to say that I would have been more pleased if Canada had decided to build the seaway alone. It would have been an indication that we were grown up, that we no longer found it necessary to get help from our grandmother.

I know the minister can tell me when he replies that an international agreement is necessary and that a certain amount of that work has to be done on the other side of the line. Nevertheless, we could have done that job ourselves. But now that we have the United States as a partner, and of course that matter is settled, there is no use of beating it any farther. I would say this: If we had built that seaway ourselves—it is a good project in this time of recession; it is a good project in the light of the fact that we have around 10 per cent to 12 per cent of our working force unemployed; at least it is going to give some employment—the tolls paid by foreign shipping and by United States ships would have liquidated its cost in the years to come.

We could have done the job ourselves. It would have been an indication that we were getting a little independent and capable of standing on our own feet. It would have indicated that we were able to develop anything that it was necessary to develop in this country.

I took objection to the seaway as a member from the maritimes because I knew that it was not going to help the economy of the maritime provinces at all. First, it makes the iron ore deposits of Ungava and Labrador much more readily available to the steel plants of the United States. Secondly, I am convinced that if the seaway were not built

many of the steel industries both in the United States and Canada would have to shift to the Atlantic coast, because that is the logical place in which to turn out raw steel. Lots of labour is available there; your coal is there; all the ingredients necessary to turn out raw steel are on the Atlantic coast. Your iron ore deposits are close at hand, and it would not be necessary to haul your coal and your raw materials across the country to have the raw steel turned out some place else. I am convinced that the seaway prevented the development of basic steel both in Canada and in the United States.

I know that it will also open up a waterway for United States coal, and of course competition for maritime coal is difficult at the present time. Maybe a little more because of the seaway will not do it very much harm. As far as the seaway is concerned I am pleased with one thing. During all the time that I was in opposition to it I said that our opposition was not unalterable; that if the St. Lawrence seaway was viewed in Canada as the Tennessee valley project was in the United States it would be a great boon to the country. The Tennessee valley project was a government project. It is worked on a co-operative basis. That great development in the United States stands out as perhaps one of the greatest co-operative developments financed by a government in the history of the world.

I was sceptical as to whether it might take place in Canada, but I notice in the press that there is a possibility of the Minister of Transport becoming the first chairman of the St. Lawrence seaway authority. First, I hope we do not lose him from the House of Commons. He is a valuable man. He does a good job. But if anyone is to head the St. Lawrence seaway authority and the minister is the first chairman it will nullify a lot of my doubts about it because having worked with him I know, and every hon. member knows, that he is a pretty co-operative chap. He will go along where things are reasonable. In case they do make him chairman I hope that when he is working out the details of the power projects at Niagara and in the state of New York he will take the position that if we are to do this job in the interests of all of Canada, and if the seaway is to benefit the whole of Canada, the maritimes must not be forgotten.

Many hon. members said it would benefit the whole of Canada. Western members said it would move more grain at a cheaper rate. Of course we will have to take the railways up if we replace all the traffic that goes over the roads. Hon. members said it would benefit the whole of Canada; it would open Canada up. Well, when the minister sets in to work out the details of power in the province of Ontario I hope he will remember that in addition to any power project that is contiguous to the St. Lawrence seaway, that is within reasonable reach and whose costs are not prohibitive, there is also a power project in New Brunswick that the people there have been asking for, for a good many years.

That, too, is a project that will require United States co-operation. My information is that the United States has been ready for quite a long while at least to discuss the matter. I refer to the Passamaquoddy project. The minister will become quite familiar with it after he takes over his new duties. He will say: we told the members of the House of Commons and the people of Canada that this was a great national project and that we were all going to pay our share of it. It was going to benefit the whole of Canada. If Ontario is entitled to power—and of course they are paying for it, they are doing the job themselves, but without the St. Lawrence seaway authority being set up and the assurance that the federal government was going to push the project, I do not think that power would have been touched. You have to have federal co-operation. If we are to assist in the power project, then the minister will remember the power project in New Brunswick.

In my opinion there is not a province in Canada that needs power more than does New Brunswick. A lot of mineral development and so forth could take place in that province if they had the power. We, too, have a power problem. When I talked about the St. Lawrence seaway the first time nothing very much was done about it. Within recent months the federal government has sent an expert into Nova Scotia to consider the possibilities of thermo-power developed from coal. That is being worked at now.

When I talked about the seaway, part of my argument was that if we were to support the St. Lawrence seaway by taxation then at least we were entitled to some kind of a survey in regard to the development of power from our basic resource of coal. That is being done. And since it is being done it modifies my disagreement with the St. Lawrence seaway. I trust it may work out as hon. members visualize it, and that it will benefit the whole of Canada; but I still have my reservations. They are somewhat relieved because of the rumour that the Minister of Transport may be the first chairman of the seaway authority. At least we have this assurance. He is the kind of person that I can walk in to see, sit down and tell

my troubles to and be sure of getting a sympathetic hearing. He is not going to be some import from some other part of the world, with a whole lot of hypothetical knowledge that I cannot understand, or cannot get in to see without having to get past a whole battery of secretaries.

Now I have your chin all fixed up I want to say a few words along the lines pursued by the hon. member for Vancouver-Quadra. While he was talking he reminisced about the period during and after the war and he dealt at some length with the merchant marine. There can be no doubt that we are falling down on the job as far as the merchant marine is concerned, and our failure to protect our own coastal shipping is evident. I believe Canada is the only country in the world which permits foreign ships to come in and ply her coastal trade. That is taking place at the present time and, as the hon. member for Vancouver-Quadra emphasized, a country which exports one-third of its total production must have a merchant marine service and, of course, in addition to that a good repair service. Our country must maintain its shipping yards so that they are adequate to repair our ships.

It would appear to me at the present time as though we did not have any ships of our own. What is the reason for that? I do not think the Canadian government is completely to blame. I believe that the people who have something to ship in this country are deliberately by-passing and sabotaging any possibility of developing a merchant marine in this country simply because they wish to use foreign ships. I think the reason for that also is that very low wages are paid on these ships. I will take my own end of the country as an example.

In 1939 the war broke out and the Dominion Steel and Coal Corporation had the Dominion Shipping Company as a subsidiary with 12 or 14 boats of their own, and they employed Canadian seamen and paid Canadian wages. These boats were requisitioned and put into overseas service during the war, but since the war that fleet has not been built up. In fact, I do not think they own even two boats at the present time. I have here a clipping from the Halifax *Chronicle-Herald* of Wednesday of this week, and it points out the kind of difficulties into which we can fall. It states here that Dominion Steel and Coal have at least 12 boats carrying coal from Sydney to Montreal and they are all foreign-flag ships. The crew of one of these ships went on strike in Montreal recently because the wages being paid on that ship were as low as $90 per month. The crew was arrested because they refused to take the ship to sea. The crew of the next ship which came into port went on strike in sympathy. Now the point I wish to make is this, that in a situation like that Canada has no authority. These are foreign-flag ships and if the crews of these ships go on strike in the port of Montreal there is nothing we can do about it because these men are subject to the laws of their own country, particularly in the matter of wages.

In the meantime the transportation of coal from Sydney to Montreal is tied up. There are eight other boats in that fleet which may be working under similar circumstances and we can get into a tangle there which may mean that shipments of coal up to Montreal will be tied up for the rest of the summer, and as far as we are concerned we have no authority to deal with that situation. Mind you, I want to say this for the benefit of the hon. member for Vancouver-Quadra. The reason why this company did not build up their own fleet, hire their own seamen and pay Canadian wages after the war was simply because they could get these foreign-flag ships for about one-third the cost and of course they found it cheaper to do it in that way. The result has been that our merchant fleet has gone down the drain right along the line. The government must take an equal share of the blame for not having a policy which would encourage the people who have freight to move by water across this country to build up a fleet, and a policy which would discourage the idea of lowering standards in this country and throwing our own sailors onto the beach.

If we are going to be patriotic I think we should start with ourselves. We should be loyal to our own institutions and to our own people, and if we are going to have wars every few decades we should try and remember some of our high sounding slogans rather than forget them as soon as the war is over. We must offer our people a better solution than we are doing at the present time, and instead of saying "You have got to lower your standards or you are going to become unemployed because you cannot compete with people who ship in vessels from countries where standards are very low", we should offer something much better.

This is not completely a government responsibility. It is the responsibility of everyone in this country. It is our responsibility as citizens to maintain our own standards and do what we can to raise the standards of others. I agree completely with the argument advanced by the hon. member for Vancouver-Quadra to the effect that we should encourage the building up of a merchant marine service in Canada, and we should encourage the training of merchant seamen in Canada.

If we just think back to the period during the war and at the end of the war we will no doubt recall that practically all the ships and officers who manned these ships were brought from the other side of the water. They had to be brought over here to operate our ships because between the wars we did what we are doing now, namely neglected to maintain a merchant service.

The only way we can maintain our standards is by driving it home to every Canadian that as citizens, regardless of what business they are in, it is their job to get standards up and not to lower them simply because for the moment they might be able to get something cheaper coming in from outside. I would point out, in addition, that no foreign ships are allowed to ply the coastal trade in the United States, Great Britain, or in any other country, but these foreign-flag ships can come into Canada and go from port to port throughout the country. When the St. Lawrence seaway is completed they will be able to take over all the shipping in this country.

The merchant fleet was the fourth arm of the services during the last war and there can be no doubt that the army, navy and air force would have starved to death in Britain if it had not been for the merchant seamen going across the Atlantic in convoys and delivering munitions, foodstuffs and everything which was required. I think we will be very shortsighted if we neglect to build up our merchant marine and I think it should be made quite clear that any corporation in this country which wants to use foreign-flag ships because they provide lower rates has an obligation to the people of this country to support our own merchant marine.

Another matter I would like the minister to consider when he is in conference with some of the people in the shipping repair industry in this country is that there are many small yards in this country, particularly in the maritimes, which grew up during the war when they were needed. The big yards can take care of themselves but these small yards, perhaps 50 or 60 in number and which are without very large facilities, could be used to repair many of our small ships. I would suggest to the minister that he might take a look at that section of his department some time because I am convinced that many of these yards that may be necessary in the future are not getting a fair share of the work. Many of them may be obliged to fold up. There was a time—and it may come again before long—when these yards were badly needed.

I agree with two things pointed out by the hon. member for Vancouver-Quadra with regard to the re-thinking of this proposition of maintaining a merchant marine service in Canada. It is something that is absolutely essential and it is something that it should be possible to give to people who have freight to move from port to port in this country. I would ask the minister to remember this example I gave with respect to shipment of coal from Sydney to Montreal because it can be repeated. If that kind of thing develops there is not anything we can do about it. They are ships of another country in our ports. The season is short enough in the St. Lawrence in which to move coal up by water, and we should not lose any time about it.

I am not going to occupy any more time of the committee with general remarks. There are some things we shall have to say on the specific items as we reach them.

Mr. Leboe: Mr. Chairman, since we are dealing with transportation tonight and as it goes hand in hand with development, I should like to say a few words in connection with railways and, in that connection, federal-provincial co-operation. If I appear to wander afield I hope you will bear with me because I assure you that what I have to say is all tied in with transportation.

In times past on many occasions the federal government has, I think, acknowledged the principle of co-operation between provincial and federal governments in respect of transportation. I suggest they have accepted the principle having regard to some of the projects which have been undertaken. In the maritimes there was the strait of Canso bridge for rail and road traffic in 1951 and the maritime marshlands rehabilitation project and so forth in 1948. There was also the Bow river irrigation project. I think we can readily see that the federal government has accepted the principle of co-operation between provincial and federal governments.

At this time I should like to comment for just a moment on the St. Lawrence seaway. A few days ago the Prime Minister indicated the willingness of Canada to "go it alone", as it were, in the matter of the expense of the St. Lawrence seaway. I think that that statement was well put, and I think to a great extent it gave the people of Canada much satisfaction in that it showed that we, as a Canadian government, were willing to take on a project of this size. The removal of the obstacles referred to by the Prime Minister in respect of United States participation in the St. Lawrence seaway is certainly a factor that we cannot overlook.

There is one other aspect I should like to mention just in passing. By reason of United States participation in the St. Lawrence seaway Canadians are going to be

saved the expenditure of a considerable amount of money. At least that is my hope. I think there is every reason to believe that we shall receive great benefit by the participation of the United States in the building of the St. Lawrence seaway. If there is a great deal of saving in respect of the building of the St. Lawrence seaway owing to United States participation, I feel that a good place to spend some of that money would be out in the province of British Columbia.

After all, British Columbia is located a long way from the St. Lawrence seaway. We believe that a fair share of the tax money should be spent in transportation facilities within that province. As I have the thing figured out in my mind, the St. Lawrence seaway will benefit those provinces from Saskatchewan east and perhaps Alberta to a small extent. But I feel that we in British Columbia are much in the same position as that in which the hon. member for Cape Breton South finds himself; we feel that the seaway possibly is not going to help us at all. By this I do not mean to suggest for a moment that we are against the building of the St. Lawrence seaway; we are for it. But at the same time we feel that we ought to be recognized by means of assistance in the development of our province through transportation facilities.

The British Columbia tax contribution to the federal government is extremely high. I think you will agree that this fact should have a great bearing on the consideration of the minister in this respect. In 1951-52 we find that the amount of corporation and personal income taxes and succession duties per capita in British Columbia was $199.88 as compared with the over-all Canadian figure of $152.74. In 1952-53 we find that the figure in British Columbia was $211.14 as compared with the over-all Canadian figure of $175.42. Canada then has a great deal of interest in the development of the great wealth of natural resources in British Columbia.

Since development is dependent on transportation, the first place to look for a chance to give that assistance to the province of British Columbia would be in the matter of increased transportation facilities within that province. The great Peace river area is badly in need of an outlet to the coast. In this area we have vast tracts of agricultural and forest land, as well as huge quantities of gas, oil and coal. The Pacific Great Eastern Railway is one place where this government could well place some of the money that it would save on the St. Lawrence seaway by United States participation.

[Mr. Leboe.]

We also have the new Japanese trade agreement, discussed in the house yesterday, which means increased trade from the west coast. Here again there is the necessity of adequate transportation facilities for the movement of carloads of agricultural and timber products from the central and northern parts of British Columbia. I understand from reading the press that the premier of British Columbia is now making application to the federal government for a contribution to extend the Pacific Great Eastern Railway from its terminus at Squamish into Vancouver, some forty miles, and from Prince George to Dawson Creek, some 274 miles.

I understand that one proposal is that the Canadian government, through the Canadian National Railways, should take over the Pacific Great Eastern, and that the other proposal is for a fifty-fifty participation in the railway itself. That would mean of course that a price would have to be set for the existing railway and that amount of money would have to be spent in extending it before the British Columbia government would take over its 50 per cent. The precedent of federal participation in the development of the provinces through the building of railways has been set on many occasions. We have the Kitimat line that is being built from Terrace to Kitimat in British Columbia. We have other railroads in Quebec and Ontario, and I see no reason why consideration should not be given to federal participation in the development of British Columbia through assistance in obtaining the railway facilities necessary for that development.

The question of providing access to the north country is one that affects other departments of the federal government, particularly the Department of Northern Affairs and National Resources. At the present time our provincial governments are faced with the problem of providing north and south highways, and the federal government, in its administration of the affairs of the northern territories, is dependent upon those highways. Therefore I think we have every reason to feel that consideration should be given to the request of the British Columbia government for assistance in the matter of railways.

I do not want to take up any more time. I think I have stated my case as clearly as I can tonight. However, I should like to say that I certainly agree with the hon. member for Vancouver-Quadra and the hon. member for Cape Breton South with respect to the Canadian merchant marine. They have spoken at some length, and I certainly agree

with what they have said. I should like the minister to show a spirit of good will towards the province of British Columbia and to view the matter from an absolutely fair point of view so far as the distribution of the tax dollar is concerned. British Columbia is a very lucrative place for the federal government to obtain tax money with which to carry on its affairs. We do not mind paying our share of taxes but we like to feel that in the spending of those tax moneys throughout Canada we are going to get a fair share.

Mr. Dickey: Mr. Chairman, in considering this first item of the estimates of the Department of Transport and in listening to the speeches that have been made by hon. members opposite, it is quite apparent what an important and varied department the Department of Transport is. I think hon. members recognize the very considerable responsibilities that are placed upon the shoulders of the Minister of Transport, and I think they likewise recognize the responsible manner in which the present minister has discharged these duties.

The hon. member for Vancouver-Quadra spoke of a variety of matters, all of them important, as have the hon. member for Cape Breton South and the hon. member who has just taken his seat. I certainly have no wish to delay the committee in the consideration of this first item but there are several matters about which I wish to say a few words. There are a number of functions of the Department of Transport that are of great interest to all the people of the province of Nova Scotia, including the constituents of the constituency of Halifax which I, together with my colleague, have the honour to represent.

The marine services of the department are of course one of the vital functions which enter into the maritime life of Nova Scotia at every turn. I should like to compliment the minister on the manner in which the marine services of the department have been carried out over the past few years and the the very great strides that have been made by the minister and his officers in providing the aids to navigation required by the small fishing vessels and the large ocean-going vessels that use the various harbours of Nova Scotia. There has been a very extensive modernization of these aids to navigation. Radar has been applied to navigational problems. Aids to navigation have been quickly fitted with radar reflectors, and other steps have been taken to see that all vessels that have been equipped with modern equipment of this nature get the very best use out of it. I was interested to note in the last annual report of the department that from the Halifax marine agency alone 231 lights of various classes are serviced and kept in operation in that area. This is a most essential and important contribution to the maritime life of the whole province of Nova Scotia. There is one point, however, that I should like to bring to the attention of the minister and his officials for their consideration. I refer to the introduction of automatic equipment at locations where it is felt that the maintenance of a light tended by somebody who is responsible for the performance of the light is a matter of great importance. We recognize that in certain locations automatic equipment has definite advantages, and we should take note of those advantages. However, I would ask the minister to see that his officials consider each one of these cases in accordance with its special circumstances, and not to move too quickly in bringing into operation the use of automatic equipment where it really is not justified.

There is one other aspect of the operation of the marine service in Halifax that I feel deserves special mention at this time, and that is the administration of Sable island. This is a very specialized duty falling upon the department, the maintenance of the lighthouses, the communications station and the life-saving station on that island 100 miles off the coast of Nova Scotia which has become known as the graveyard of the Atlantic. I believe that the arrangements that have been made to maintain these services, to improve the buildings on the island and to improve living conditions there for the employees of the department who are required to live on that island all the year round, were very much needed. They have been carried into effect in a satisfactory manner. It is a most interesting life, I am sure, but a difficult life. I feel the department is to be congratulated upon the efforts that have been made to make the arrangements for the maintenance of these people as pleasant as it can be.

However, the one big remaining problem is the delivery of mail more regularly and on a more satisfactory basis. There have been suggestions with respect to the delivery of air mail to Sable island. I know that there are administrative and other difficulties in the way, but I would suggest to the minister that the matter be given careful consideration to see if it is not possible to improve the conditions of life on the island in this additional respect.

I want to say something with respect to the very important matter of pilotage services. As the minister knows, after the

end of world war II there were a number of rather difficult problems in connection with pilotage services in the port of Halifax as well as in some other ports in Canada. I am glad to report to the house and the minister, as I think he already knows, that by and large I believe these problems have been efficiently and satisfactorily met by the minister and his officials. I believe there is a very much better understanding between the active pilots and the officials who are responsible for the administration of the pilotage policy in the department. The main questions, with respect to the provision of pilot boats and the difficulties arising out of the superannuation fund, have been very largely met. There may be a continuing problem with respect to superannuation, but certainly the very special problem we had in Halifax arising out of the unfortunate loss of the pilot boat *Hebridean* during the war has been met.

I understand that the active pilots regard the present situation as quite satisfactory. We appreciate the initiative the minister and his officials took to make the changes which were required, and I am sure that the efficiency and care with which the responsibilities of the pilotage service have been carried out over the last few years has been very gratifying to the minister. I noticed in the report for 1952-53 that in Halifax, for example, there were only eleven instances where there were any accidents causing even minor damage in connection with the movement of ships in the harbour. I believe that amounted to approximately one-third of one per cent of all the pilotage jobs performed during that year, which is a very excellent record indeed.

In connection with the port of Halifax, Mr. Chairman, I want to mention also the matter of the provision of port facilities at Halifax to handle general cargo as well as the grain cargoes which flow through that port. I believe the facilities have recently been very satisfactorily extended in so far as the elevator and storage space is concerned. The galleries have been modernized with the replacement of the old No. 1 wooden gallery by a steel gallery, but I should like to point out to the minister that if the movement of grain through the port of Halifax increases, as we hope it may, with the additional elevator space, we will require, and consideration should be given to, the installation of additional gallery facilities to create new berths which could handle grain cargo. I think that is not a matter which should be pressed for immediate decision. I know the minister and his officials will keep that in mind, and as the need develops will be prepared to take whatever steps are required to meet that need.

In so far as general cargo is concerned, the volume of traffic through the port of Halifax this past winter season has been most satisfactory. As a matter of fact, the experience during the winter shows that there is quite a pressing need for some additional berthing facilities in the port. It is recognized that the provision of new deep-water berths is a job that cannot be attended to very rapidly. I hope that the minister and his officials are considering taking the necessary steps to have the pier A job undertaken and pressed to the construction stage as quickly as possible. However, before that can be done I think there will be a need for additional shed and berthing facilities.

One way in which the problem could be met rapidly, and with at least some satisfaction, would be the provision of a new steel shed on a portion of pier 9, which is at the deep-water section of the harbour and where several berths for coastal shipping at least could be made available. Then, with the necessary shed facilities, a number of coastal ships could be worked, leaving free for the larger ocean-going vessels the berths which are now taken up by these coastal vessels. I would hope that some steps can be taken immediately to have shed facilities provided at this location and that a long-range program will be undertaken at the same time.

The expenditures made on harbour facilities in Halifax through the national harbours board over the last two years have been quite substantial and the results obtained have been most satisfactory. During this winter we saw the benefit of those expenditures. I believe that since the end of world war II there has been expended in Halifax on new facilities in the way of capital account a total of $5,890,000. Up to the end of 1954 the amount spent on maintenance will be $2,220,000. Those are very substantial amounts. We recognize what has been achieved by these expenditures and we recognize that the provision of those facilities have made it possible for the port to handle the volume of business which was handled this year.

Fortunately during the past few years the volume of summer business has been increasing. The experience in the past year or so, which we hope will be the same this year, has shown the volume of summer business through the port to be at least 50 per cent of the business done during the winter season.

Another matter to which I should like to refer is the future of the Canadian National steamship service to the West Indies. I followed with considerable interest the remarks of the hon. member for Vancouver-Quadra and the hon. member for Cape Breton South in connection with the Canadian merchant marine. I agree without hesitation with the principle which they enunciated of the importance of the government doing everything it reasonably and properly can do to maintain at least a minimum of a Canadian flag deep-sea fleet.

However, I was struck by the fact that the Canadian National Steamships company, by its operation of the West Indies service, has given an example of the maintenance of a Canadian merchant marine in a most competitive field of deep-sea operations. I congratulate the Canadian National steamships and the minister upon the fact that the freight service afforded by the Canadian National steamships between the West Indies and the Atlantic ports of Canada has been maintained. The minister made it plain in the house during this session that the purpose is to continue and maintain that service.

Unfortunately the last two survivors of that famous fleet of "Lady" boats which provided such excellent passenger service between the Atlantic ports of Canada and the West Indies and South America were withdrawn from service last year. We were all sorry to see the "Lady" boats go, but apparently it was an inevitable step. However, from the point of view of the maintenance of trade between the maritime provinces of Canada and the West Indies, which is a most important aspect of the trade of the maritime provinces, a cargo service is most important. We congratulate the government upon having been able to maintain that service and we look forward with confidence to its continuation in spite of the great difficulties which Canadian merchant marine operators are finding in keeping Canadian ships on the trade routes of the world. The fact that the government and the Canadian National steamships have been able to keep their ships under Canadian registry, to employ Canadian crews, and to pay Canadian scales of wages is I think a real accomplishment. It shows that the will of the operator is an important factor in the problem of keeping the Canadian merchant marine on the seas.

In referring to Canadian National Railways operations I should like to bring to the attention of the minister the need for the extension of the Nova Scotian hotel in Halifax operated by Canadian National Railways. We are glad to note that the Canadian National Railways are going to provide much-needed hotel facilities in Montreal which will form an important part of their operations in central Canada.

The Nova Scotian hotel has been one of the successful operating hotels of the Canadian National system ever since it was opened in the early thirties. I am sure that the minister is aware that last year Halifax had the highest percentage of occupancy of hotel rooms of any city in Canada. The facilities of the Nova Scotian and the other hotels in Halifax were taxed more than were the facilities of any other hotels in this country. There is a real need for additional hotel accommodation and I hope that the railway and the minister will consider the possibility of some extension to the Nova Scotian hotel.

Another matter of real importance to Halifax is, as the minister knows, the provision of a civilian airport to meet the needs of Trans-Canada Air Lines and other operators of civil air transport in the area. Over the past several years the department has conducted a careful and thorough weather survey in order to find the most favourable site for such an airport. We were pleased when the minister announced some weeks ago that the results of the weather surveys in the Kelly lake area were sufficiently favourable to justify a ground survey in order to establish the feasibility of constructing an airport at that point.

I hope that that survey will proceed as promptly as possible and I hope that as a result of the findings therefrom the department and the city of Halifax will be able to get together and negotiate an arrangement for the construction of that much-needed addition to the transportation facilities of the province of Nova Scotia, the city of Halifax and the surrounding communities.

The concluding matter that I want to mention this evening, Mr. Chairman, is in connection with the building of the causeway across the strait of Canso. This very beneficial and important project is proceeding most satisfactorily. I had the privilege of visiting the scene of the operations late last fall and was taken over the whole project by the contractor's superintendent. It is really a most impressive work. The volume and weight of rock involved are somewhat staggering, and the progress being made was most satisfying.

I was delighted to hear the minister say this afternoon that the rock-fill dam portion of the work is proceeding ahead of schedule. To some extent that is because the tide and ice conditions in the strait during the winter

were not found to interfere with the operation as much as had been originally expected. The department is to be congratulated on its participation in the project and in the excellent co-operation which it is giving to the Nova Scotia department of public works and highways, which is jointly financing this great undertaking. It was known to be the ambition of our late premier, the Hon. Angus L. Macdonald, that on the opening of the causeway he would be able to lead one hundred pipers across this great new highway playing "The Road to the Isles". I do hope the minister will do what he can to see that when that great causeway is opened those one hundred pipers are there and perhaps he will lead them across, playing that great Scottish anthem.

Mr. Bell: Before beginning my brief remarks this evening, Mr. Chairman, may I say it is significant that the hon. member for Vancouver-Quadra has complimented you on your very fine presentation of the various estimates of the department. It was a pleasure to be able to line up generally the various expenditures that will be taking place.

As many may know, this coming Sunday, May 16, is "Battle of the Atlantic Sunday". That is the day when we pay tribute to the men of the Canadian navy and to the men of the Canadian merchant marine. It is appropriate that we are discussing the merchant navy tonight. I should like to go back to 1945 and review the picture. At the end of the war all countries were in an abnormal condition. We saw them all making plans for their future trade and merchant navies. Finland comes to my mind first. They had a very poor merchant marine. I know it was considered to be perhaps the oldest in the world. They have made great strides and now have one of the most modern merchant navies afloat. I think of the Irish boats, too, which come into Saint John. They have also increased the Irish line to quite a considerable extent. Germany also is now back in the business with a vengeance. I had the pleasure last winter of viewing a German ship in Saint John, and I can assure you, Mr. Chairman, that there are none finer at sea today. We also have heard in recent days of Russia making overtures to twenty different shipyards across the country in an effort to have some ships built here by us.

We know also of the position of the United States and Great Britain in respect to their merchant marines. But what is Canada's attitude today? After the war there were 176 ships in the Park Steamships lines. This was a crown corporation, and we all had hopes that some ships would at least be continued in the post-war years. There are statements on record in the various reports of the Canadian maritime commission. The second report is significant in this regard. We also have statements of the Prime Minister and the Minister of Trade and Commerce that generally some effort would be made to continue a small fleet. But what is the position today? It is obvious that the government is scrapping our merchant fleet. The thing that annoys me more than anything is that they are not even scrapping it in a businesslike way.

A lot of statements have been made to the effect that there is no definite policy about Canada's merchant marine. I feel that there has been a definite policy right along, namely, they are not going to do anything about it.

I should like to review one or two points without being too repetitious, Mr. Chairman, in this respect. There is ample justification for a merchant marine in Canada. I think firstly of trade. We all know that trade and merchant shipping go together. If we are to be considered as a great trading nation we must have a worth-while fleet. Secondly, I also think of shipbuilding. It is important to me down in Saint John that we continue our great shipbuilding of the war years. To be building only a few naval vessels is not enough. When one travels around the world he finds it wonderful to be able to say: "There is a ship which was made in Canada, flying the red duster".

Thirdly, and I think the most weighty argument, is that of defence. During the last war we pooled our ships. The ships of all the allies were pooled into a corporation called the British war transport, and they had the allocation of the ships to needy places around the world. I understand that a plan similar to that is being considered by NATO today. We know from the last war and we know today that it is just like sitting down at the table for a game of cards. You have to be able to back up your hand, and if you want consideration in wartime you must have a merchant fleet.

I think of the training of personnel and the difficulty we had to place men on our merchant ships in the second world war. It takes at least three years to train men. We had to go to the United Kingdom for those personnel. We must continue to have a merchant fleet if only for the training of personnel.

Another thought that comes to my mind in defence is the business of naval escorts. We are building up a very proud fleet of naval escort vessels that are second to none

in the world; but I ask this question, Mr. Chairman: What are those vessels to escort? There must be some ships for them, and surely we want to go all the way and have some merchant ships of our own to escort.

I ask the question: Why have we no merchant fleet, or why is it dwindling away? There have been suggestions that seamen were the cause of our decline in the merchant navy. Various criticisms are made of the strike in the post-war years which crippled our fleet. I hold no brief for the seamen, but I do not think this was the cause. I do not think that the ship owners are entirely to blame. There have been charges of excess profits; but the basic trouble that we know is the high cost of operation of those ships at sea. Naturally it is owing to the fact that we have an artificially high standard of living in Canada. You cannot blame seamen who are going to sea wanting conditions similar to those of their friends at home.

It is an indisputable fact that we have high costs with which to contend, but there is one far more significant reason in my opinion, Mr. Chairman, which has not been dwelt upon by anyone this evening. I suggest the main reason we have not now a merchant fleet and have not had one since the war is that we are a nation of landlubbers. Ottawa reflects the national mind and no consideration has been given to our seafaring provinces. When the time arrives to build a Canadian railway and subsidize it we can do that very well, but when it comes to building a fleet then the people of central Canada who do not know or understand the sea cannot visualize the problems facing these provinces.

Our trade with Britain is an example of this attitude. We have lost our traditional United Kingdom markets, though our trade picture is not too bad at present. The traffic now is across the border and it is impossible to get anyone in the central provinces to listen to the fact that trade with the United Kingdom is a lost cause.

Now, Mr. Chairman, I thought of trying to obtain a piece of poetry which would present this case, but on reflection I decided the situation had gone too far. Those of us who live in Halifax and Saint John do not like to see foreign flags flying on all the ships in our harbours. I feel that if we had someone with a strong voice here in Ottawa to speak about these things then conditions might perhaps be better. The Minister of Transport is interested in the St. Lawrence seaway; the Minister of Agriculture is interested in wheat; but who have we in the cabinet here who is interested in the sea and the merchant navy? There is no one. I suggest that that is the main reason why no consideration has been given to the establishment of a merchant navy.

I would like to draw to the minister's attention one other matter in connection with the subsidy which has already been mentioned this evening. I do not feel we should be alarmed about this subsidy and accept the suggestion that we are only throwing our money away. The only time since the war when our merchant fleet had a subsidy was in 1949, and I believe then there was a subsidy of $3 million on 37 vessels. Statements have been made in the press and elsewhere that this money was merely thrown away and that our fleet was at an end, but I would like to put on record, Mr. Chairman, that this subsidy led to $12 million in federal and provincial taxes, $16 million in wages paid to Canadians and the spending of $7 million on repairs in Canadian shipyards.

There is one other matter to which I would like to refer and that is that with atomic warfare changing the picture every day surely this is the time for us to make plans for a new modern fleet. We would be the first in the field in this connection. In that regard I would like to read a short excerpt from an article in the *Globe and Mail* dated February 13, 1954, written by William Sclater who has a merchant navy and R.C.N. background. He is considered an authority on modern sea warfare. The article is entitled "A-Subs Pose New Problems for Sailors" and it reads as follows:

> Canada, which has been getting rid of her obsolete war surplus freighter fleet by sale and by transfer of some to British registry, with a proviso that they be returned to Canadian registry in the event of war emergency is in an excellent position to set about laying the foundation for a real modern merchant marine of her own, for the first time.
>
> With her atomic resources, good shipyards, marine architects and designers, she has plentiful ability, nor is there any real lack of sea-minded Canadian youth to man a small merchant fleet. The coming of the St. Lawrence seaway is another factor. There is, too, the possibility that a modern properly operated merchant marine may do what previous attempts with obsolete ships failed to do, and that is pay its way.
>
> With British seapower at its lowest ebb in centuries and our present reliance being placed in what, at the best, could only be described as a doubtful dependency upon the sea power of other nations for war emergency, the need for an efficient small merchant marine of our own, comprising perhaps 50 ships built in our own shipyards, so that they, too, may be maintained, and built to the requirements of war emergency, is now a paramount need in the interests of our national security.

I leave these thoughts with you, Mr. Chairman, on the merchant marine.

I would like now to refer briefly to the St. Lawrence seaway. I would not like to

say that we in the maritimes are unhappy about the seaway, but we are still wary and doubtful as to just what it will mean to us. I myself am a little bit disappointed that in our acquiescence to the seaway project we did not take a lesson from those in the New England states who lobbied for various compromises while we were rendering our full support. That may be the fault of our political system. It may be the fault of hon. members here or there may be other reasons, but I know that Senator Kennedy in Boston and Senator Margaret Chase Smith in Maine were able to bicker and lobby at that time and obtain considerable concessions for their own areas. I feel that as the St. Lawrence seaway project develops we should be given consideration in regard to the problems which we ourselves face.

There is one other matter the St. Lawrence seaway brings to my mind and I will be pressing the minister for some kind of statement. I would like to know what is planned in regard to this seaway during winter months. I have not seen very much in the press, with the exception of one article, in this regard and I am interested in the probability of keeping the St. Lawrence seaway open. We should have had an engineering report on that matter for though it is obvious that ships cannot go up the St. Lawrence today for danger of fresh water ice, we do want to know what the department plans in this regard.

I would like to say a word or two on the national harbours board as its operations apply to Saint John. We hope that the dredging which has been conducted in the past will be carried out in the same manner in future. There has been some difficulty lately in getting tankers into the city. I am not sure whether the difficulties arise in connection with the national harbours board's section of our port but I do hope dredging will continue in the same fine manner in which it has been conducted in the past.

Another matter is the fishing licences issued for the port and I am given to understand that the national harbours board has certain authority and rights regarding the auctioning of weirs in the harbour along the west side of the port. However, they are not authorities on fishing and they set arbitrary reserve prices for the weirs and consequently when the reserve price is not met the weirs are not used for the three-year term and they fall into decay. I feel that if these weirs are the responsibility of the national harbours board then they should be turned over to the Department of Fisheries where they can be administered to better advantage.

We are pleased to see that the Pugsley extension in Saint John is being continued. It is much needed there and we hope that pretty soon we shall see some lovely gleaming sheds on this new Pugsley wharf. We are also pleased to note that a new lighthouse supply and buoy vessel is being lined up for Saint John. In that regard we note the consideration given to us.

I should like to mention a remark or two made this evening. In his remarks the hon. member for Cape Breton South said that the season in the St. Lawrence is short enough. I hope nobody will agree with that statement. The complaint we are making—and it is the one that I have made before—is that the season in the St. Lawrence is much too long now. The hon. member for Halifax also made a statement which I, coming from the maritimes, would not wish to be associated in any way. It was to the effect that they were satisfied with the traffic through their port. Please, Mr. Chairman, do not think that I am satisfied at all with any port traffic that we have in Saint John or anywhere in the maritimes.

Mr. MacInnis: Coming as I do from probably the greatest maritime city in Canada, I suppose I should say something on this item. Like most other members—at least those from the two coasts—I have been bombarded during the last two years with propaganda from those who want a subsidy for the building of a Canadian merchant marine. That may possibly be the best way of building a merchant marine in Canada. But having regard to what has been accomplished following both world wars by those who are asking for the subsidy, in my opinion we should look at the matter carefully before we provide the subsidy. We should know exactly how much that subsidy is going to cost. If the Canadian government is going into the merchant marine business it seems to me that it had better go into it as a government itself and run the thing rather than by giving handouts to others. I am getting a little bit tired of those who are always extolling the virtues of private enterprise but who the moment they get into any sort of difficulty run to the government for a handout. That is exactly what we are up against at the present time.

Following the war we had a fairly sizeable merchant marine. Possibly those ships were slow and they might have had other faults. But those ships were turned over to private enterprise at extremely favourable prices. If private enterprise were not able to make a success of the thing, when they had this subsidy, what hope have we that they can make a success with any subsidy within reason that this or any other government would give them?

It seems to me that the time has arrived, not only when we should but when we shall be obliged to look upon the economy of this country as a whole in its relation to that of other countries. If we are going to try to be self-sufficient in every part of our economy, where are we going to find the markets for the things that we produce naturally in great abundance and have to sell? For instance, if we are going to build and man all our own ships, Great Britain, to whom we look to sell our wheat, salmon, lumber and fruit, to that extent at least will have to look somewhere else for the purchase of those things because evidently we are not going to give her an opportunity to pay for those things in the only way in which she can pay for them.

A few years ago in Vancouver I, along with some other members of parliament, attended a meeting called by the shipbuilding workers. One of the resolutions moved at the meeting was to the effect that the federal government be asked to pass legislation providing that all Canadian ship repairs would have to be done in Canadian yards. Two other members of parliament besides myself were at the meeting. When they were asked for their opinion on the matter they said that they did not have any. When I was asked for my opinion I told them that I was opposed to the motion because the moment we began doing this sort of thing, other countries would retaliate by insisting that their ships be built in their yards. I said then the same thing as I say now, namely that if we expect other countries to buy our goods we shall have to give those countries an opportunity to provide us with the goods and services with which they can provide us.

We have come to the stage where we must adopt co-operation in economic matters not only in our domestic affairs amongst ourselves but amongst nations. The nations of the world will have to adopt co-operation instead of competition in economic matters. The mere suggestion now that Canada should subsidize a merchant marine is proof positive that private enterprise in this country cannot operate a merchant marine without government assistance. As I said before, every time industry gets into difficulties are we going to provide means, either by tariffs or by subsidy, to see that that industry is going to be self-sufficient or to stay in the competitive field? That is not competition at all.

I do not know what the government's intention is in this matter, but I would just offer to it the advice that before it subsidizes a merchant marine it should lay before the House of Commons a comprehensive plan of what that subsidy involves, showing not only what it will be necessary to provide this year but what it will be necessary to provide in succeeding years. It might be desirable that we should run our own merchant marine. But let me say again that if every country today is going to make itself self-sufficient in those things in which it thinks it should be self-sufficient, or if we are going to make ourselves self-sufficient in all things, all we shall be doing is to make ourselves self-sufficient in poverty. That is not the way that we shall have to carry on from this point forward.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall start with the Post Office Department and then take the Department of Mines and Technical Surveys. After those have been disposed of, we shall take whatever legislation may be on the order paper.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Engineering and water resources branch—

Water resources division—

314. To provide for studies and surveys of the Columbia river watershed in Canada, $377,400.

Northern administration and lands branch—

321. Lands division—administration of territorial and public lands; seed grain collections, $383,632.

Northern administration division—

322. Administration including a grant of $5,000 to the Arctic Institute of North America, $212,515.

Northwest Territories, including Wood Buffalo park and Eskimo affairs—

323. Operation and maintenance, $1,031,746.

324. Construction or acquisition of buildings, works, land and new equipment, $340,032.

Forest conservation and wildlife management including Wood Buffalo park—

325. Operation and maintenance, $448,219.

326. Construction or acquisition of buildings, works, land and new equipment, $111,157.

Yukon Territory, including forest conservation—

327. Operation and maintenance, $517,910.

328. Construction or acquisition of buildings, works, land and new equipment, $58,395.

Forestry branch—

329. Branch administration, $111,646.

Forest research division—

330. Operation and maintenance, $989,491.

331. Construction or acquisition of buildings, works, land and new equipment, $65,870.

Forestry operations division—

332. Administration, operation and maintenance, $216,100.

333. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces, $1,225,000.

334. To provide for a contribution to the province of New Brunswick for assistance in a program designed to combat the spruce budworm infestation, in accordance with an agreement entered into by Canada and the province, $500,000.

Forest products laboratories division—

335. Operation and maintenance, $577,589.

336. Construction or acquisition of buildings, works, land and new equipment, $35,265.

337. Grant to Canadian Forestry Association, $10,000.

338. Grant to Pulp and Paper Research Institute of Canada, $100,000.

Eastern Rockies forest conservation board—

339. Remuneration and expenses of federal members of the board, $12,350.

Canadian government travel bureau—

340. To assist in promoting the tourist business in Canada, $1,561,407.

Loans, investments and advances—

539. To authorize and provide for a continuing special account in the consolidated revenue fund to which shall be charged expenditures incurred by the Lake of the Woods control board in respect of the regulation of the waters in the Winnipeg river watershed and expenditures incurred under the terms of the Lac Seul Conservation Act, 1928, recoverable from the province of Manitoba and to which shall be credited amounts recovered, in the case of Lac Seul, under the terms of agreement between the government of Canada and the government of the province of Manitoba appearing in the schedule to the British North America Act, 1930, and in the case of the Lake of the Woods control board, under the terms of the agreement among the government of Canada, the government of the province of Ontario and the government of the province of Manitoba, appearing in the schedule to the British North America Act, 1930; the balance outstanding in the account at any time not to exceed $35,000.

Loans, investments and advances—

540. To provide for loans in the present and ensuing fiscal years not exceeding in the aggregate $1,000,000 to the government of the Yukon Territory for the purpose of lending such money to the city of Whitehorse for providing adequate water distribution and sewage disposal systems, the loans to be made to the said territory in accordance with the terms of an agreement to be entered into between the government of the Yukon Territory and the government of Canada; and to authorize the commissioner in council to make ordinances for the borrowing and lending of such money by the commissioner of the Yukon Territory on behalf of the territory; amount required in the present fiscal year, $700,000.

HOUSE OF COMMONS

Friday, May 14, 1954

The house met at 2.30 p.m.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION

Mr. Speaker: I have the honour to lay upon the table a report from the civil service commission respecting the staff of the library of parliament.

LABOUR CONDITIONS

STRIKE OF UNITED KINGDOM SEAMEN—REFERENCE TO PRESS REPORT

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I direct a question to the Minister of Labour (Mr. Gregg). It arises out of a press dispatch in this morning's Montreal *Gazette* captioned "Eighteen More U. K. Sailors Arrested".

Can the minister inform the house if any action is contemplated by his department to intervene in the dispute so as to assure uninterrupted coal deliveries from Sydney, Nova Scotia, to Montreal?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I thank the hon. member for Cape Breton South for giving me notice of his intention to ask this question. The situation appears to be as follows:

(1) The ship to which reference is made in the Montreal *Gazette* report is under United Kingdom registry and the members of the crew have been engaged under United Kingdom articles.

(2) The members of the crew are affiliated with the National Union of Seamen of the United Kingdom.

(3) Neither the owner nor operator of the ship nor the crew members, as far as industrial relations matters are concerned, are under the jurisdiction of the federal Industrial Relations and Disputes Investigation Act.

(4) The United Kingdom National Union of Seamen has repudiated the strike action on the part of the crew members.

(5) No request has been made to this department by the owners or operators of the ship or by the union for conciliation services.

FINANCE

EFFECT OF GOVERNMENT LOAN ON CURRENT INTEREST RATES

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to ask a question of the Minister of Finance (Mr. Abbott). Would the minister care to comment on the likely effect, if any, on current interest rates, of the new loan being currently floated?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I always hesitate to assume the role of prophet and I do not think I should do so here. The return on the new bond is in line with the present return on outstanding long-term government bonds.

Mr. Fleming: That is very informative.

FLOODS

FRASER RIVER—REQUEST FOR REPORTS ON WATER LEVELS

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, may I address a question to the Minister of Public Works (Mr. Winters)? The people of Burnaby-Richmond are expressing concern over the late run-off of water in the Fraser river, and I would ask the minister to instruct his officials in New Westminster to give him daily reports on the situation.

Hon. Robert H. Winters (Minister of Public Works): I think that would be a matter more properly within the jurisdiction of the Minister of Northern Affairs and National Resources, who is responsible for the water resources division.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, I am infomed that daily reports on the level of the Fraser river are sent to our water resources office in Vancouver. It is understood that, as in previous years, if the situation warrants it those daily reports will be sent to Ottawa.

TRADE

PROSPECTIVE AGREEMENTS WITH SPAIN AND PORTUGAL

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, if, as one is informed, the Minister of Public Works (Mr. Winters) is about to

leave for Spain and Portugal in the hope of assisting in the negotiations for a trade treaty there, may one wish him bon voyage and success in his mission.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

POST OFFICE DEPARTMENT

341. Departmental administration, $1,316,383.

Hon. Alcide Coté (Postmaster General): Mr. Chairman, I should like to make a brief statement in regard to the operations of the postal service which I hope will be of assistance in the discussion of these estimates.

In the first place, I wish to refer to the financial result of the operations which terminated on the 31st March this year. As I indicated during previous discussions, the outlook was that there would be a deficit for the fiscal year 1953-54. This is actually the case.

The total revenue is slightly more than for the previous fiscal year. It is approximately $130 million. In other words, the increase in revenue due to increased volume has more than counterbalanced the reduction in revenue due to the elimination of postage for tax purposes.

Expenditures have sharply increased from approximately $123 million to approximately $132,500,000 so that instead of a surplus of $6,500,000 recorded at the end of the fiscal year 1952-53, there is a deficit of approximately $2,500,000.

No doubt hon. members will be interested in knowing what have been the results of the adjustments made in the rates of payment to mail contractors under the amendments which were agreed to by the house in May 1953. Approximately 4,000 applications for adjustment have been received. Of this number 3,700 have already been processed and 300 are still under consideration. Of the 3,700 cases already dealt with, 2,600 increases have been granted. The average amount of the adjustment is 18 per cent or a total of $700,000 per annum. The applications received were not as numerous as we had anticipated. In some cases, the applications were received late in the year so that the total payments authorized were not as great as we had expected. Applications continue to be received and although the amount authorized so far is, as I have already indicated, $700,000 per annum, it is expected that by the end of the present fiscal year the total amount of the adjustments will be reasonably close to the $1,500,000 which it was estimated the adjustments would cost.

[Mr. Fleming.]

Dealing with the general question of land transportation, may I say that the amount expended during the fiscal year just closed was approximately $17 million. The estimate for the fiscal year 1954 is close to $20 million, an increase of about $3 million. Of this amount $1,500,000 is to cover adjustments already authorized last year and those which will be granted this year as a result of applications which undoubtedly will be received. It is estimated that the number of applications will be about the same as last year. Many contractors who were not eligible last year will now qualify in view of the fact that they have held their contracts for at least the two years stipulated in the amendments to the Post Office Act. In addition to this $1,500,000 for adjustments, it is estimated that a further $1,500,000 will be required for improvements, modifications, extensions, changes in frequency and the like in the various types of service which come under this heading.

As hon. members are aware, two major changes became effective at the beginning of this fiscal year: the introduction of the five-day 40-hour week and the increase in letter rates of postage. It is rather too early to give any comprehensive statement of the effect of these two major measures. I can say, however, that the forecast made in regard to the additional expenditure required seems to be confirmed. In other words, the cost of the increase in salaries will be in the neighbourhood of $7 million and the cost of the five-day week will at least reach the amount we estimated, namely, $5 million. These two items together with the amount to cover the payments to mail contractors for rate adjustments bring the total additional annual expenditure for these special items to $13,500,000, the estimate I gave during the previous discussion on letter postage rates. To this of course must be added additional amounts to provide for developments, such as extensions of mail services, increased frequencies, new routes, et cetera. The estimate for increases in land services is $1,500,000 for the present fiscal year. This is in addition to the amount required for rate adjustments.

It is estimated that the total increase for 1954-55 over expenditures for 1953-54 will be approximately $17 million. This will be offset to a large extent by the additional revenue which we expect to derive from increased rates of postage and we hope by continued efficient and economical operations also to overcome the deficit of $2,500,000 for the fiscal year which ended on March 31.

Mrs. Fairclough: Mr. Chairman, the statement which the minister has made has given us a little bit of information with regard to

operations for the year which has ended to which I should like to refer in a few moments. However, before doing so, I should like to make a few general comments, and to say again what I have said on previous occasions, namely that it is my opinion that of all the services which the government is called upon to render to the people of the Dominion of Canada, probably that rendered by the post office is the closest to the individual. When that service goes awry, it is a matter of major importance not only to members of the staff but also to every individual who has suffered by reason of even the slightest deviation from the usual services which the department is called upon to supply. If the administration is guilty of inefficiency or if it makes mistakes which are more or less costly, the result cannot help being an unsettled condition in the staff with resultant unhappiness.

A few months ago this house saw fit to sanction the increase in the postal rates. The new rates came into effect on the 1st of April, a little bit over a month ago. As I said at that time, the increase in rates was scarcely consistent with the services which had been curtailed in the past little while by the department. In particular I referred to the institution of the one-a-day delivery on residential walks in urban centres. This system has been in effect for some time now and while there has been some slight adjustment I would strongly urge the Postmaster General to reconsider this whole question again this year.

I believe that the two-a-day delivery could easily be instituted without any great increase in cost. As a matter of fact, Mr. Chairman, if you will recall the time when the first reports were received after the introduction of the one-a-day delivery, you will remember that it was apparent that rather than there being a saving of money, there had actually been a loss. Of course it is understood that, when any system is changed, there is a consequent dislocation which causes some inefficiencies for the time being. But this particular matter of one-a-day deliveries has not improved in the intervening months. People are suffering today by reason of this restriction of service just as much as they did at the start. I know of a number of cases—and I daresay the minister will have a number of specific instances brought to his attention because they have certainly been brought to mine—when quite unreasonable delays in delivery resulted from the one-a-day delivery and the hours at which mail reached the central clearing station.

Some time ago when the deputy postmaster general was asked whether or not there would be a return to twice-a-day delivery, he said he had heard of no plans to resume the two-a-day delivery. I hope that in the intervening time the department has reconsidered its decision and that before long they will find it expedient to reintroduce the two-a-day delivery on residential walks in urban centres.

In his remarks a few minutes ago the minister spoke about the amount that would be needed for extension of services. At another point in his remarks he referred to new routes which he expected would be instituted.

I should like to draw particular attention to the situation that exists in practically all fast growing suburban areas. These suburban areas, areas on the fringe of settled urban areas, are being built up and the people there are frequently placed in the peculiar position of having to go four or five miles to pick up their mail. At the same time there is mail delivery service that goes past the end of their streets, possibly one or two blocks away, but it has not been extended to the streets on which they are residing. These are particularly irritating matters to the householder. In some cases they have been going on for a long time. It seems as though it takes months, sometimes even years, to institute a mail delivery route in an area which is otherwise almost completely urbanized.

I would urge the minister to pay particular attention to the requests that will be made to his department from time to time for the extension of routes to areas which in all other respects are certainly urbanized. I had one specific case brought to my attention not long ago in the Walkerville area. There is a suburban area there called Riverside. The people have all sorts of delivery services, delivery of bread, delivery of milk and so on, but there is no mail delivery. The postman walks past the end of the streets a mere block and a half away but these people have to travel four and a half miles to pick up their mail at the Walkerville post office.

There are many matters that throughout the months cause irritation to the individual taxpayer of this country. There is one in particular I want to draw to the minister's attention. I refer to the charge made for government postcards in the post offices. It is about three years, I think, since it was decided to make a charge for the actual stock on which the stamps are printed. I might point out that there is no other printing on the card. Now that the postage rates have gone up to two cents for printed matter and four cents for regular post cards, it means that the post office is charging an extra cent on each card for the stock on which the

postage stamp is printed. If people who use these cards commercially go to a post office to procure a supply of 100 or more they find that they pay 16 cents a hundred for them.

Having had some little experience in the calculation of costs of printing stock, I inquired into the matter and found that the stock from which these post cards are printed can be purchased wholesale for a little better than 12½ cents a hundred, about $1.26 a thousand. I realize there is some work entailed in cutting the cards and in banding them in lots of one hundred, but nevertheless it would seem to me that the department is at least covering its cost at 16 cents a hundred. The price of 16 cents a hundred is approximately a sixth of a cent per card and yet the average individual who wants such a card pays a cent for it.

In addition, I would think that the department certainly does not pay the same rate for this stock at which it is sold to the average industrial user because undoubtedly they buy in such quantities that they get quantity discounts. That would lower the cost considerably below the figure I have cited. I would also point out that in any store a person can purchase very nice looking picture postcards printed in several colours, printed not only on one side but on both sides, at the price of four for a nickel. The producer of these cards makes a profit. It is a commercial enterprise. He buys the stock, prints the cards on both sides and sells them for a cent and a quarter while the government does nothing but print the stamp on the card. They would have to print the stamps in any event and the result is that they are charging people a cent for a blank card.

I think the minister might be well advised to take this matter into consideration. I would suggest, even if it were found necessary to sell commercial quantities at 20 cents a hundred rather than 16, that when these cards are sold one, two or three at a time they should be sold just for the price of the stamp alone. The department should forget about the stock because undoubtedly much the larger proportion of these cards is sold in commercial quantities in any event. Such a move would not affect the revenue of the department to any appreciable degree. In fact, I think the minister will probably find that the number of cards sold individually is very small. Particularly now that the rates have been raised, this matter is a source of great annoyance to those persons who buy one card and pay their two cents or four cents as the case may be in that they have to pay an additional cent for the piece of paper on which it is printed.

[Mrs. Fairclough.]

I should also like to ask the minister whether or not he can inform the house as to the practice of carrying consignments of magazines and newspapers in passenger seats on T.C.A. routes. I think this matter was brought up before when we were discussing another phase of postal activity but no answer was given. I should like to know whether this is a practice of the department and, if so, is it a special arrangement between the Post Office Department and Trans-Canada Air Lines, and on what basis? Why is it thought wise to transport second and third class mail, newspapers and so on, in that manner, when first class mail is carried in the regular luggage or mail compartments of the planes?

When the Prime Minister announced to the house the other day the list of further legislation to be introduced at this session he mentioned that there would be a further amendment to the Post Office Act. I am sure every member of the house is curious as to what is contemplated by the Postmaster General. We would be very glad to know just what is the nature of the amendments to the Post Office Act which the Prime Minister mentioned on April 30 along with several other matters. I would think that some intimation of what is contemplated would have a definite bearing on the discussion of these estimates. I had hoped that when the Postmaster General was making his preliminary statement he would inform us of the nature of the amendments to the Post Office Act that it is intended to introduce at the current session.

I should like to speak for a few moments on the subject of the staff of the Post Office Department. I must say this is a matter on which I feel rather strongly. In the last few years there has grown up in all parts of this country a most deplorable antagonism between the staff and management of the Post Office Department. In fact I do not know of any other department of the government where such antagonism exists, certainly not to the degree that it does in the Post Office Department. I think it is about time that we asked ourselves what is the reason for this feeling within a service that is so close and so necessary to the people of this country.

When the minister announced a few months ago that the letter carriers in certain areas would be placed on the 40-hour week there was considerable discussion as to the method by which these arrangements were to be put into effect. For some time there had been what were known as supervisory letter carriers. I think that those who are familiar with the work done by the supervisory letter

carriers would agree with me that the name itself is definitely a misnomer. The position is not a supervisory position but is a relief position. These men are relief men who pick up various walks when the regular carrier is having a day off or is on holidays. It seems to me that the Post Office Department could very well have augmented the staff of letter carriers and worked out a rotation system without enlarging the position of the supervisory letter carrier. It stands to reason that whether the carriers rotate day by day or whether they rotate week by week, you are going to have to increase your staff by the same number of men. I still cannot see the necessity for this supervisory position.

As I said before, it is a relief position, and not a supervisory position at all. The department has not been satisfied to dignify the position by a properly descriptive name. When suggestions were made that the man might be called a relief carrier, they came up with somewhat of a tongue twister and said they wanted to call him a multiple walk carrier or some such name as that. It does seem that everything must be done in the most complicated way and called by the most complicated name.

Originally a carrier had to have at least one year's service before he could apply for this position. Now any carrier, regardless of the length of his service, can apply and some have been appointed to this position with less than six months' actual experience. It is just one of the problems that is causing considerable concern to the members of the post office staff, particularly amongst the carriers who have had years of experience. It appears to me that about one in every four carriers will be a supervisory letter carrier. He works on a higher salary and has certain advantages over the men with longer years of service. As I said before, this is a peculiarly non-descriptive title for the position, and undoubtedly has been a cause for concern and annoyance to the experienced carriers.

I hope that the added problem of seniority in the granting of holidays has now been ironed out to the satisfaction of all staffs, and we will not have any more of this "monkey business" of placing a supervisory carrier over those with longer experience when it comes to the selection of holidays. In my estimation, this whole matter is just one more instance of the provocative steps which have been taken by the administration of the department, and which have resulted in the bad feeling which undoubtedly exists in many parts of the department.

Further with regard to the staff, I notice from the details of the estimates on page 416 that it would seem apparent some of the stenographers have been reclassified as senior transcribers; at least, that is the only explanation I can draw from the information contained on that page. There is quite a reduction in the number of stenographers in the grades 2B, 2A and 1, and then there is a new position, senior transcriber, grades 1 and 2, which did not exist previously. I would assume, therefore, that these stenographers must have been reclassified. I would ask the minister if he could give us an explanation of that particular incident, because it would be interesting to the house to know whether it is a doubling of staff or whether it is actually the creation of a new position.

Finally, Mr. Chairman, it is now well over a year since the date of the last report from the Post Office Department. It is true that the minister gave us a few figures concerning the financial results of the last year of operations, but there are other matters in which the members of this house are keenly interested. Undoubtedly it will be some time before we can expect a full report of the department for the year ending March 31, 1954. In the meantime, some indication of the extent to which the recommendations of Woods and Gordon have been adopted, and the implementation which has been effected, would be welcomed by all members of this house.

I realize, Mr. Chairman, that the items which appear in the estimates under the minister's department are few in number and it is rather difficult to pinpoint your questions to any one particular item. I would ask the minister to answer at the suitable place in the debate, some of these questions that I have asked him today.

Mr. Knight: I do not propose, Mr. Chairman, to make any comprehensive survey of postal affairs. I do want to draw to the attention of the minister some of the things that employees in my own city feel at the moment. Before doing that I might say that I have been having my ear to the ground and I find rather general dissatisfaction with the new increase in postal rates. I suppose that was only to be expected. People do not like to pay out their money in any case, and it does not help when they realize that the four-cent rate did give sufficient return to carry on the work with some profit in the first class division. They do feel that if certain periodicals—I am not here speaking against it—or some weekly newspapers are to be carried on a second class rate or under a subsidized rate, as was mentioned in the house some time ago, the burden should not be borne by the people who use the first class mails.

I should like to say that I do not think we have any complaint in our city about the service so far as the general public is concerned. I believe the service is good. I feel our employees, and the organization generally, is efficient. But like my colleague, the member for Hamilton West, I feel I would be correct in saying that labour relations in the Post Office Department are not good. The employees have certain grievances, and one of them is that mentioned by the hon. member and which has certainly been mentioned many times. I note from a letter I have in my hand that there was a meeting of certain of these employees, the Saskatoon joint branch of Canadian postal employees and federated association of letter carriers. At this meeting certain resolutions were passed, copies of which were sent to me and I have no doubt to the minister as well. I feel it incumbent upon me, however, as the member for Saskatoon, to lay these matters before the minister publicly and ask him to comment perhaps on each of them.

One of these matters concerns priority in the matter of holidays. For years the principle of seniority has been established for choice of work and for holidays; that precedent has now been broken. There are certain arduous routes, particularly so because they are being carried by a man who is not familar with them, and who changes from one route to another, so is not familiar with the streets and addresses as the regular postman is. It seems to me that the Post Office Department is reluctant to pay anything extra for the men who work under these difficulties on these particular routes. The department has perhaps taken this other action as a sort of inducement—I do not like to use the word bribe—to induce these supervisory carriers to undertake that work. I do not think the supervisory carriers were particularly interested, even at a raise in pay, but I am going to suggest that some of the ordinary men would have been very pleased to carry on these duties for an additional $20 per month. I feel they should have been given that as an inducement, first of all, to do it, and as compensation for doing it at the end of their term.

Now, that is pretty much the situation. The letter which I have here accompanying the resolution states:

> This year, when the department wanted more supervisory letter carriers to provide relief in the 40-hour week set up, and not enough men volunteered for it, even with the $20 higher pay attached to it, it was apparently thought necessary to offer a sort of bribe, namely, the first choice of holidays over all carriers.

As I have said, this is a new precedent. It seems to me to be true that the idea of the rotation of holidays, while that would be a more equitable way of solving this problem, seems to be impossible in the post office service, or at least it has been found impossible up to the present.

Now before I go any further I wish to put on the record the three particular grievances these men have. I have already discussed the first one simply because my hon. friend from Hamilton West gave me a lead in that direction. The other can be discussed much more briefly.

The resolution as passed by the association of postal workers is in three parts. The first deals with supervisory letter carriers. They protest against the supervisory letter carriers being given seniority of holiday choice over all other letter carriers, regardless of length of service. That is the one with which I have just dealt.

The second one deals with grade 1 clerks getting less pay in smaller offices, though the work and the annual examinations are the same all over Canada. Personally I see some justice in that. I do not see why a man engaged in an industry or a factory in one part of the country should get less for doing the same kind of work. I would say that the principle of equal pay for equal work should operate in this regard. Looking at this from my general study of post office conditions, it seems to me that the cards are pretty badly stacked against the little fellow. You have a situation there where there is not equal pay for equal work just because these men happen to work in a smaller post office. I presume these people are working the same hours and working equally hard and I see no reason why the pay should be less in some districts than in others.

The third grievance deals with the question of why so many offices have not yet received the 40-hour week, and in this regard my claim would be largely the same. After all, I suppose the 40-hour week was granted on the principle that industry in these particular places worked on the same basis. I do not know whether that is a good criterion on which to judge. Again, I would point out that these people are surely all working for the same department. Their work is similar everywhere and I would suggest that a person in a small town would appreciate being on a 40-hour week just the same as those in the city where industry happens to have, shall I say, the habit of the 40-hour week.

For example, we have a little town on the edge of my constituency at Sutherland and

I do not suppose we ask our mechanics in that particular town to work for less money or longer hours than the corresponding worker in the larger city of Saskatoon. Yet, we find this anomaly existing everywhere in the Post Office Department.

Now, Mr. Chairman, I think that is all I wish to say at present but I hope the minister will answer each of the points I have raised or give us his view on the matter in order that I may, as it were, render an account to my own constituents, who are particularly interested in regard to these three matters.

Mr. Hansell: Mr. Chairman, I do not believe that we have any very harsh criticism to make today of the operation of the Post Office Department of Canada. I think people generally speaking are fairly well satisfied with the services they get, and frankly I must admit that while it is becoming rather a big business—at least its operating costs, running to about $128 million, are in the realm of big business—I do not believe the people of Canada have much to complain about.

There is one thing, though, I suppose we all complain about, and it is past history now by reason of the fact that the increase in postage rates went into effect on April 1. I have had quite a number of letters protesting against that increase. It has to be recognized, of course, that if people want a service from the government then they must be prepared to pay for it. Here is a service which is absolutely necessary. We must have our post offices; we must have our mail deliveries; we must have a system by which mail can be carried from one person to another and from one part of the country to another. That is an established service, and it is a service everyone requires. It is an established service in this as well as every other country in the world and it has been ever since the days of the ancient courier messages which had to be carried from one place to another.

In Canada, of course, it is getting to be what I might call big business. I think any department which costs between $128 and $130 million to operate must be recognized as big business. It would cost much more than that, of course, if we were to take into account the cost of their buildings as well, and therefore that figure is not quite an accurate picture.

The Post Office Department of Canada, whether big business or not, has still to be paid for, and I am not one of those who believe in the government going into anything when they are not able to swing it financially. We know many things have to be subsidized, but I do not believe the government should begin engaging in the types of business which are run at a loss. Here is one service we have to operate by the very reason of the necessity for it, and if we are not going to subsidize it then of course the cost must be met out of revenue.

The five cent rate has now gone into effect, though there is one advantage being derived from this increased rate, and that is that the five cent rate for the most part will carry mail much more rapidly because it is in reality an air mail service throughout Canada except in places where air transport is not available. Just the same, though, that five cent rate is quite a burden on the entire nation. It may not constitute much of a burden for the individual who writes a letter once a month. But it is a burden for those who write very many personal letters and for families and children who have to keep in touch by mail. One cent more on the rate may not be considered a great deal, but it must be added on to the over-all cost of living. Even if we disregard the cost to the individual we must remember that every business has to pay that five cent rate and this must be added on to their operating expenses and be reflected eventually in the general cost of living.

Therefore we cannot blame the people if they protest against this increase. There was a day when we used to talk of the penny postage, but that day has gone, I suppose forever. It would be very nice if we could return to the day when we could lick a one cent stamp and know that the letter would eventually arrive at its destination. But over the years there has been a continual increase until we have now reached the day when the first class mail rate is five cents. When the minister replies to the questions, I should like him to answer one or two of mine. Perhaps he is unable to answer this one; but I should like to know—if it is not too early and the figures happen to be available; he has had only one month to work on them—whether during the month of April, under the new rates, the revenues were higher or lower than those of the same month a year ago. I do not think we can get an accurate picture of what we want by taking the first month that the new rate was in effect. To get an accurate picture we would have to average it over the next year. Of course we cannot do that. We have been operating at the five cent rate for only a month. If the figures are available we should like to know what they are.

There is one other matter that I should like to bring to the attention of the minister. It is not a new thing at all. I refer to the small country post office and the facilities that are available to carry on a dignified and adequate postal service. The minister will agree that the amount of money available in these post offices is such that the average country postmaster is not able to carry out that service with very much dignity. Our country post offices are usually pretty small and miserable affairs. I know it is a problem where there is not very much mail delivered in a small community. In a small rural community it is an expensive job if we are to put very much dignity into it. I refer not only to the rural post office in the sense of its being away from an inhabited community. Take communities of anywhere from one thousand people to three thousand. I must say that most of those post offices are not what they ought to be. The postmaster is dependent largely upon his own business or his own revenue to keep things going. Perhaps they have to rent small buildings and space is not available. Perhaps they are cramped in their quarters. There are many other features that make it almost impossible for a postmaster in one of those communities to carry on his postal service with the dignity that should be required in this service. I know that once again, if we say we should give a certain standard requirement, the answer is that the postmaster has to be paid more or the government must fork up still more money. The problem is there; I recognize that. But I do believe the minister can give some expression of views on what might be done in respect to the matter.

I have another matter to bring to the minister's attention. I understand that when new public buildings are contemplated, when the government feels that certain public buildings are needed—and I refer mostly to post office buildings—the general practice is that the Post Office Department will make recommendations to the Department of Public Works to have a post office built in this or that community. I should like to know from the minister whether that is the correct assumption, and, if it is, what is the backlog of recommendations that have not yet been adopted or accepted by the Department of Public Works.

It is very easy to make recommendations, and I know that the Post Office Department wants the best facilities possible and may—I am not sure that they do—recommend the building of many public buildings that will never be built. I do not know whether they would go that far or not, but I should like to know whether there is a backlog, and when the minister is answering I should like him also to tell us whether or not the recommendations are put before the Department of Public Works with any degree of priority. Are they taken in the order of their priority? In other words, if in one year, we will say, there are 50 public buildings recommended—my figures may be entirely out of line; it is only an illustration I am giving—there must be a first and there must be a last one recommended. Is there a priority there? Suppose the Department of Public Works does not go forward with these buildings: is it possible that next year the recommendation that was at the top may suddenly be shifted to the bottom and the priority upset in that fashion? I should like to know that. I have very good reasons for asking the question. Parliament has already approved certain public buildings that are not included in this year's estimates, and we do not want those that have already been approved to be dropped to the bottom somewhere and some other building take the priority. That would not be fair; it would not be just; it would not be good business and it would smack of politics. I should like the minister to give me some definite answer along that line.

Before I sit down may I thank the minister—perhaps this is under the public works department but it was not done without the recommendation of the Post Office Department—for what was done in my own little town of Vulcan, Alberta, where I live. It is a small village of about 1,500 people. It has not had the best post office, but, you know, it is surprising how people get used to something. It is not good enough, but they get used to it over the years. If we are not careful we can get accustomed to living in a very dirty room, especially if we live there long enough. It is strange, but people act that way, too. They get accustomed to things. Well, I believe the officials of the Post Office Department recommended that. They must have recognized that Vulcan needed a little better accommodation, and they must have made that recommendation because our quarters have been enlarged. We have not a public building there. Other communities in my constituency are larger, and I think they should have public buildings before my own town. Nevertheless the post office quarters in my own town have been enlarged; new boxes have been put in; a new front was put in and the people are quite pleased with the alterations.

I wish to say that I have not had a great deal to do with the officials of the Post Office Department who are responsible for post offices in my particular area, but on the occasions when I have had to approach them I have always found them courteous. I have

always found them to be men who want to do a good job. They have to operate within regulations—they cannot break them; and I believe the officials there are men of integrity and men who want to do a really good job. I wish to say these things to them because it is nice to be able to meet officials, have them greet you courteously, and have them take your problems to heart and say: "Well, we will just see what can be done"—and then tell you in a straightforward way the reasons why certain things cannot be done. They are doing their business in a good way and we are pretty well satisfied.

The officials in the Calgary office who are responsible for much of my area have treated me quite courteously, quite well, and have gotten through a number of problems which I have presented to them—and I appreciate that.

In this group most of us live in rural areas —although some do not. The hon. member for Lethbridge, the hon. member for Medicine Hat, the hon. member for New Westminster and the hon. member for Edmonton East live in cities, but the rest of us are pretty well confined to the rural areas. I have not heard very much complaint and I do not rise now in any particularly critical spirit, except to make these observations and ask these questions.

Mr. Philpott: May I ask a question which might be answered when the other questions are being answered? I refer to the colour of first-class stamps. I understand that a few years ago there was some kind of an international convention requiring that all first-class stamps be red or of some standard colour. Now I see that the new ones are blue, and they are a lot like the colour of the purple ones which are four cents. I wonder if the minister could tell us if we are going back to the old standard first-class stamp—because I am getting quite a lot of mail on which I have to pay extra postage because people have not put enough on it.

Mrs. Fairclough: Blue is a good colour.

Mr. Nicholson: When the five-cent postage rate was up I was trying to get the minister to make a statement with regard to the policy of his department with respect to recommendations by defeated candidates and members of parliament. I find myself involved in a discussion in the paper with the former member for Mackenzie, Mr. Ferrie, my predecessor. I wish to make it clear now that I do not want to be consulted regarding the appointment of postmasters or on other decisions that should properly be decisions of the Post Office Department, and I would like the minister to give us some information as to what his policy is.

I have before me a sessional paper that was brought down some years ago, No. 159 of 1943. Colonel Underwood, who is with the Postmaster General now, played an important role in connection with this case and I would like to know whether he still has the sort of duties he had at that time and whether this same procedure is still followed.

I have a file here which goes back to April, 1942, when the postmaster at Endeavour, Saskatchewan, was short of funds. The inspector, who is now the superintendent in Saskatoon, found the shortage, took over the office, consulted the local Legion and appointed a person who seemed to be the best person in Endeavour to be acting postmaster. He reported to his superintendent in Saskatoon and the superintendent there in turn reported it to Ottawa. The next move was when Colonel Underwood notified the secretary of the provincial legion. He also wrote to Mr. Ross Barrie of Pelly, Saskatchewan, who happened to be the defeated candidate for Mackenzie at that time.

I want to make it clear that Mr. Barrie and I are very good friends. As a matter of fact, I think this is the sort of experience which persuaded Mr. Barrie that life was too short to get bogged down in this kind of controversy which took a lot of his time and made a lot of enemies.

Colonel Underwood wrote to Mr. Barrie on the 13th May; he wrote again on the 20th May, on the 1st June, on the 11th June, on the 23rd June and then on the 3rd July. That is very good service from a busy person like Colonel Underwood, who was then chief superintendent of the service. Now, I will just get the file before me. The Endeavour legion on July 5th objected to the decision that Mr. Barrie made. The man who was nominated by Mr. Barrie no longer lived in the district, and, according to post office regulations, he was not eligible. The president of the legion, as I said, took objection and Colonel Underwood wrote again on July 18th to Mr. Barrie. That letter is page 56 of this record. Then there is the official nomination. In this connection I would like the Postmaster General to state definitely whether this form is still used by the post office. It is a form of nomination for postmaster signed by Mr. J. Ross Barrie and the Postmaster General might indicate why they asked for a nomination at that time—and if they are still so asking. It is not known why this was done—just that Mr. J. Ross Barrie nominated Mr. Nelson R. McGregor for the

job. This nomination is printed on government stationery—"Nomination for Postmaster"—there is given here the electoral district, the province, the office, revenue, and remuneration. Revenue for the previous year was $996.82 and the remuneration offered was $1,000. As I have indicated there was a great deal of correspondence. There was a personal and confidential letter from Mr. Barrie to Colonel Underwood. It appears in the file and, since it is dealing with public business, I am sure it was not considered as personal or confidential.

There is an official notification on the 8th August—everything was supposed to be signed, sealed and delivered. Mr. McGregor was appointed to take over. Then the Liberal executive came into the picture—the local Liberal association, provincial and federal. They wrote a letter to Mr. Hunter in Saskatoon and said:

> We kindly ask you to hold us abeyance the appointment of the postmaster at Endeavour and the appointment of Mr. McGregor. We, as association, recognize that Mr. McGregor is not a residence of Endeavour and do not wish him to succeed Mr. Izdebski as postmaster.

To make everything aboveboard they enclosed the minutes of their meeting, giving names of movers and seconders of various motions.

Things were getting pretty hot and I guess Mr. McGregor decided that life was too short to get into this controversy and he turned it down.

On the 28th August Mr. Barrie wrote to Mr. Underwood and there was a further air mail letter, and, on the 31st August, there is a letter to Mr. Barrie. There is another on the 3rd September and the acting chief wrote on the 21st September. A second appointee came into the picture and things were still hot. He finally declined. Then there was a letter of Mr. Barrie to the acting chief on October 7. Then there was a letter from the acting chief to Mr. Barrie on October 15 and one from Mr. Barrie to the acting chief on October 30. To bring the story to an end at last—

An hon. Member: Hear, hear.

Mr. Nicholson: Yes; I agree with the "hear, hear". It is a rather ridiculous story, but I am quoting from official documents.

Mr. Goode: Would my hon. friend answer a question? What year is he talking about?

Mr. Nicholson: I told the committee that when I started.

Mr. Goode: Is it 1943 that the hon. member is talking about?

Mr. Nicholson: That is right.

[Mr. Nicholson.]

Mr. Noseworthy: He will bring it up to date later.

Mr. Nicholson: Colonel Underwood, who featured in this correspondence, is holding a responsible position. I hope that the Postmaster General will be able to tell us categorically that neither Colonel Underwood nor anyone else in the Post Office Department is placed in the ridiculous position that this file would indicate.

Finally, On December 18, Mr. Barrie threw up his hands. I remind the committee that the country was at war and the man who was appointed in the first place was a veteran of the first war. The only thing against him was that he did not have the O.K. of the local defeated Liberal candidate at the time. After all this correspondence, on December 18, Mr. Barrie finally threw up his hands and said, "Whatever the Post Office Department does will be O.K. with me", and the man who was appointed as temporary on April 16 became postmaster. The file was closed on January 7 of the following year with a final letter from Colonel Underwood to Mr. Barrie telling him that it is settled.

As I said, I should like the Postmaster General to tell us whether the form that was used at that time is still being used by the post office and whether or not his department must consult with the defeated candidates in various constituencies or with sitting members. I think it is fairly clear that if any department is going to be able to administer its business efficiently, it must get away from a system wherein the chief superintendent has to write so many letters. I find that 17 letters were writen by either the chief or the acting chief to Mr. Barrie whose status was that of defeated Liberal candidate at that particular time. I hope that the Postmaster General will give us a clear statement indicating how things now stand in the post office.

Mr. Fleming: Mr. Chairman, I should like to bring some matters to the attention of the committee. I should like to preface my few remarks by the general observation that, in the nine years that I have had the honour to be a member of parliament, there has not been another time in my experience when so many complaints have reached me with regard to poor postal delivery service. I am not speaking simply of my own riding. I am speaking of complaints that one receives from various quarters about poor postal service. I have made it a point, I think in almost every case, to put these complaints before the minister. The minister is always courteous but the results are not particularly gratifying. The fact of the matter is, Mr. Chairman, that the public of Canada feel, with justification,

that when it was called upon, beginning April 1, to pay substantially increased postal rates, it was and is entitled to receive better service than it is now receiving. I do not refer only to the matter of the two deliveries a day in residential districts, although I include that matter. If we are going to have these substantially increased postal rates, we should have that kind of service. However, I am referring to other matters of wider effect as well.

The minister is aware of the fact that in the city of Toronto particularly, with the new metropolitan area established by law, there has been a good deal of confusion with regard to what is the local urban area within which the four cent postage rate applies. A great many people are still under the impression that with the enlargement by law of the metropolitan area, it is at least archaic that the postal service should set tight limits on the area within which the four cent local delivery rate applies. To a great many people in that area it has been annoying to find not only that their letters are required to bear on their covers the penalty of inadequate postage but that, under the new regulations, those letters are now returned to them. For instance, if someone in the metropolitan area puts a four cent stamp on a letter that happens to be going, we will say, to Willowdale or to some place within what is the Willowdale area but is nevertheless within the Toronto area according to general understanding, the letter is returned to him for increased postage plus penalty, and valuable time is wasted by that return. I would urge on the department that there should be a rationalization of the local delivery system with regard to deliveries within a metropolitan area like that existing in the Toronto district.

I do not intend to delay the committee, Mr. Chairman, by referring in detail to all of the complaints that have reached me with regard to inexcusably delayed deliveries. However, I wish to mention some of these complaints because I think they illustrate, as clearly as anything that one can place before the committee, precisely what their nature is. For instance, I have before me a cover addressed to a lady living on the street on which I live here in Ottawa. It is a perfectly proper address. This letter was mailed from Sudbury. It bears the stamp "Sudbury, December 16, 1953, 10.30 p.m." It reached Ottawa. It is properly addressed in a perfectly legible hand. I know the house well. Nevertheless this letter, on reaching the Ottawa post office, was returned marked "not in directory". Yet it is a residence in this city that anyone can see, and the envelope is very clearly addressed. The letter was returned to Sudbury and finally reached the recipient in Ottawa away on in January after a loss, as a result of poor handling and inefficiency in the department, of something like three weeks. Even taking account of the pressure on the postal services at Christmastime and the fact that temporary help is employed in such cases, I submit to you, Mr. Chairman, that there can be no excuse whatever for inefficiency so glaring as that.

Then I have before me the cover of a letter which was mailed from Victoria, British Columbia, and which took from December 21 to January 11 to reach the addressee. I have another here with a Toronto postmark, December 19, 1953, perfectly clearly addressed to a proper address in Toronto. This one, if you please, was returned with the notation "not known here", although it was the address of the recipient and she was there. It is quite obvious there was no inquiry made. After being shuttled around in the mail it was eventually redelivered to the original and proper address on January 26, 1954.

It is for service like that that the people of this country are being called upon to pay substantially increased postal rates. It is no wonder they are not only irritated but outraged by these further impositions. Just yesterday I was spoken to by a gentleman who resides in Ottawa and he showed me two covers which suggest a very striking contrast. He received the two of them at the same time, on April 26, in the daily delivery in Ottawa. One came from England and was postmarked from Stoke-on-Trent at 5.30 p.m. on April 23. It was posted on the afternoon of April 23 and was delivered here in Ottawa on the morning of Monday, April 26. That was very good service by the trans-Atlantic air mail.

But let us see what happens with domestic mail. In the same delivery he received a letter postmarked from Toronto on Thursday, April 22. It took that letter from Thursday, when deposited in the Toronto post office, until Monday morning to be delivered here in Ottawa at an address which is quite accessible and well known. It was placed in the post office twenty-four hours before the letter posted at Stoke-on-Trent in England, and they arrived at the same time. Poor postal service between Toronto and Ottawa is not new. It has been referred to in the discussion on the estimates of the Post Office Department every year for a good many years past. Surely it should be possible to have overnight service between two large cities as closely connected as Toronto and Ottawa with a high volume of first class mail

moving between them. I do not think any hon. member is going to condone service deliveries like this where mail is placed in the post office in Toronto on a Thursday and is not delivered in Ottawa until the following Monday. There was no holiday intervening, except Sunday.

It was not a case of a public holiday at all. It was simply a case of poor service, delays in the post office. At which end the delay occurred one does not know, but certainly a delay did occur somewhere in the post office. If the government is determined to levy these very high postal rates, increased to figures that the public of Canada resents, then surely the least that the Post Office Department can do is to jack up its service.

Mr. Enfield: Before the minister is called upon to answer some of the questions and queries that have been put to him, I should like to deal briefly with the post office situation. It is a matter that is rather close to my heart inasmuch as I have had a great deal to do with the problem in my own riding. I think that the problem with which the Post Office Department is faced is so obvious that sometimes some of us more or less do not see the woods for the trees. As we all know, there has been tremendous industrial and domestic expansion in the construction field in Canada in the last few years and the Post Office Department, like every other organization that has to supply public services, has been faced with the problem of rapidly expanding its services, taking on new employees and training them to provide these much-needed new services.

The Post Office Department is not the only organization that is having trouble. Go to some of the big metropolitan areas and you will see what you run into so far as other services that people require, sewers, water, roads, are concerned. I saw a reference in an Ottawa paper the other day to "tulip time in Pothole". There is the problem of providing these services right here on our doorstep. I think my area exemplifies more than any other in Canada the type of problem that the Post Office Department is encountering at this time. I should like to outline it for you and show what we have been endeavouring to do to iron out the situation.

Metropolitan Toronto is a most difficult area to provide service for because there is the hard core of the urban area, the rapidly growing suburban areas spreading out from that and then a completely rural portion encompassing the whole. Therefore you have three problems of distribution, urban, suburban and rural, right in the one large unit. The change is very rapid. For example in Scarborough township alone there was an increase in population last year of 18,000 people, 18,000 people in one area the size of a small city that has grown up within an already rapidly expanding area. Of course, when all these people move into the area the first thing they think of when they get settled in their new homes is to demand all the services that make for a convenient existence, including mail delivery to the door.

There are twenty-one mailing addresses in my riding alone, and it is not a rural area comparable to some of the vast ridings represented by many hon. members. It is supposed to be an urban area. People sorting mail in the city of Toronto post office have as many as 10,000 different points of reference to remember when they are doing their sorting. The problem is how to take care of this rapid expansion so as to provide people with good, efficient service. Some would like it to be at the same cost as before, but obviously that cannot be done. When you are capitalizing, when you are setting up new post offices or new systems, taking on new men, providing new equipment to handle the mail and new means of transportation, there is bound to be an increase in the amount of money you spend. I am surprised that the increase during 1953-54 was not greater than the $17 million that the Postmaster General mentioned.

When I look at the number of new employees the department is taking on, as found in the details of the estimates, I am surprised that there are not more than the odd few in each section. Considering the vast amount of work that has to be done, the number is surprisingly low and bespeaks the efficient handling of the help by the organization. Therefore I do not think we should complain unduly about the increase in rates. Of course, as the hon. member for Macleod and others have mentioned, naturally people are going to complain about an increase in rates, but I feel that if we tell them the story of what the department is up against they will agree, as reasonable people, that you cannot have something for nothing. If we want to follow the very good principle—I think it is a good principle—that the post office should endeavour to pay its own way, then obviously increased revenues have to be obtained from somewhere.

How have we attacked the problem in my riding? I think the metropolitan Toronto post office is to be commended for the aggressive and forthright action taken. In the last few months door to door delivery service has been extended to nearly 4,000 people. We have set up one new semi-staffed post office that I am aware of. We have

plans under way for a new post office in Scarborough, Ontario, that will provide delivery, we feel, for many more thousands of people within that particular area. I must say, too, the co-operative work of the Toronto district post office has been excellent in this regard. I think if the department could attack the problem other members are finding in their riding with the same energy and forthrightness that I have seen in my particular part of metropolitan Toronto, they would not have very much to complain about.

As I say, this question has been uppermost in the minds of my constituents, perhaps more than any other matter concerning the federal government. I have not had, however, very many personal complaints from my people regarding the service. I know the hon. member for Eglinton seems to have a curious capacity for collecting these complaints. I recall that when we were discussing this matter last Christmas he was complaining that a letter addressed to Mr. D. Fleming, Toronto, which should have found him immediately, took a little longer than usual. I have not had, as I say, more than a few letters from anyone in my particular part of metropolitan Toronto complaining about actual delays that had occurred in the delivery of mail.

Actually, two of these complaints occurred at Christmastime when the mail was very heavy. In another case the cover was sent with the complaint, so I was able to have an investigation made and an explanation given of that particular item. I feel it is significant, when we have such rapidly expanding areas and when this problem is uppermost in the minds of the people, that I have not received many more direct complaints concerning delay in mail deliveries. Mind you, I am not suggesting that we have not received complaints, as the Postmaster General knows. I say again that a good attack upon the problem by the Post Office Department will provide the necessary service and gradually solve this problem with which the Post Office Department will be faced as long as we are growing so rapidly. We hope our growth and expansion will continue at the same rate as we have experienced it in the past.

Mr. Regier: The area about which I wish to speak is not a new area at all, and therefore it is not an area that has any of the growing pains of these new areas that are arising on the outskirts of these large cities in Canada. After listening to the member for York-Scarborough, I feel that some of the Postmaster General's top assistants from that area ought to be moved over to the area from which I come so that he would receive some of that good advice which he apparently received in connection with the situation in the hon. member's area.

I feel this is the proper time for me to raise this matter of a Burnaby post office, especially since we are discussing the item containing the minister's salary. I was saying to someone that I hoped we could get out of the minister an executive ability to match his charm and personality. I was rudely reminded that the two do not necessarily go together. However, I feel that any faults that have existed under his short administration so far are only due, as the member for Vancouver East said the other day, to some very rotten advice he has received from the west coast.

At this time I should like to pay tribute to the efforts of other members who have, for the past twelve years, represented this area that I now represent. The people back home used to be taken in by the line that if you have a Liberal elected, and get your member on the government side of the house, you will get much more out of the government. The people have since been thoroughly disillusioned. They knew they had most able men. One man has since been honoured and is today the hon. Minister of Fisheries. He represented this area for a period of eight years and, I am sure, did his utmost to obtain a fair deal from the Post Office Department. The other member still sits in this house as the member for Burnaby-Richmond. This is not a partisan matter. I have with me today numerous editorials in which the people at home congratulate their two members on presenting a united appeal on this matter.

Our area of Burnaby is one of the oldest on the west coast. Burnaby was in existence when possibly wild animals were still roaming the swamps of what is today called Vancouver. It is a thoroughly organized municipality, having some 70,000 inhabitants. They feel they have been getting a raw deal, from a political standpoint, and simply fail to understand how various Postmasters General have had the nerve to let down their local member. I think the whole of the population back home would endorse the statement that their members of parliament, even though they sat on the government side, have been let down by former postmasters general.

One member, whom I recall, was elected as late as 1949. One of the main reasons for his election to this House of Commons was the fact he was an effective organizer and advertiser. He built up the native pride of the people in their area and said that if the people would elect him Burnaby would be put on the map as it ought to be. We have

seen some action since that time. Not too long after that 1949 election two sub-post offices were erected. There has been a lot of amazement as to the manner in which these sub-post offices were set up. We see the same pattern in other areas, and I am thinking of the riding of New Westminster. Apparently it has become the policy now that when the department need a new post office they no longer get the Minister of Public Works to erect a public building. They deem it expedient to award a long-term lease to someone who will then undertake to erect the building that will house this post office.

Now, people do not erect public buildings for the love of it. They erect them for one purpose only, and that is to make money. I hope that we have seen the end of this policy, because it was a poor policy. However, that is all past and gone. We have these sub-post offices in operation and, for the time being, and as the minister knows, the staff there are doing a splendid job. At this time I should make it quite plain that I am not, as the member for Eglinton did, going to complain of poor service. I feel that the service back home is excellent when we consider the conditions under which the men there have to work. I hope that good labour relations are going to be re-established very soon, and that the morale of that part of the civil service we have at the lower levels is not going to deteriorate.

We were told also that we had some reason to look forward to getting a federal building in Burnaby. I went along with the idea that we could not reasonably look for a Burnaby post office until we had a federal building. I shall have something to say about that a little later. I am only rather amazed that the federal building item in the estimates of the Minister of Public Works for last year has somehow disappeared this year. We are rather apprehensive about it. At the time of the Christmas recess, a conference was held in the area of all interested organizations. That meeting was attended by North Burnaby and South Burnaby boards of trade; postmasters from respective outlying cities; top-notch postal officers; and members of the local municipal council. An agreement was reached and that agreement, although not formulated in the manner of a resolution, recognized first of all that we would likely have to wait until we obtained a federal building before we could expect a post office at Burnaby. However, in the interim there was the general desire expressed that a useful purpose would be served if Burnaby could be divided into regions or zones, and these zones labelled Burnaby 1, Burnaby 2 and so on. What was the result? We did not get the zones even though we wanted them, but we did get some zoning and there is now listed in the official guide such places as North Burnaby and South Burnaby. The reaction to this was immediate. Here I would like to read the opinions of each of the eight elected municipal officers, the reeve and the seven councillors, and may I point out that only one is C.C.F. The others are solid supporters of the Liberal party, though there may be one supporter of the Conservative party for all I know. However, Reeve C. W. MacSorley said:

> It is not what we wanted at all.

Councillor Sam Hughes said:

> An insult to council's intelligence . . .

Councillor Murray Morrison said:

> He wanted us to speak with one voice but this further divides us.

Councillor Gerald Charlton said:

> North Burnaby has only just gone on record against any change at present.

Councillor Mrs. E. O. Wilks said:

> We want Burnaby alone in the address, not north and south Burnaby. We must not give approval to this change.

Councillor W. P. Philps said:

> It takes no account of East Burnaby.

Councillor Fred Philps said:

> This does nothing for Burnaby. I am thoroughly dissatisfied.

Councillor Arnold Hean said:

> We will now wait for the editorials!

I will not read the editorials. However, after that I went and made a personal appeal to the Postmaster General, as he knows, and I asked the following: First of all, Mr. Chairman, that he use his influence so that an early beginning would be made on the construction of a federal building; secondly that Burnaby be divided into postal zones, Burnaby 1, Burnaby 2 and so on, and if it was found necessary to be able to do that, that all mail for Burnaby be sent through either New Westminster or Vancouver post office. I further asked that the whole of the lower mainland area, where no rail, water, or air transport for letters is necessary, be given the benefit of the drop letter rate, as in large areas of Montreal and Toronto.

Then I added this, and I really meant it as I indicated at the beginning, and I mean it even now:

> We do, however, feel that you are competent and willing to give it the recognition that this second largest centre of population in British Columbia is asking for.

In answer to that I received a short reply dated April 15, the second paragraph of which reads as follows:

I am asking my officials to make a thorough study of the situation and as soon as their report is received, I shall get in touch with you.

I would like to read that part again, Mr. Chairman, "—a thorough study of the situation—" What followed? As a result of that letter I received an acknowledgment from the corporation of the district of Burnaby in which, among other things, they said:

The council . . . would ask you to continue pressing for a unified system of postal distribution in this municipality.

That letter was signed "Charles B. Brown, Municipal Clerk". Upon coming here after Easter, as the result of what apparently has been a "thorough study of the situation", I received a letter from the Postmaster General. But, Mr. Chairman, before dealing with that letter I would submit that there has been no thorough study of the situation whatsoever, and that fact emphasizes what the hon. member for Vancouver East said the other day, namely, that some of the advice being handed over to Ottawa from postal officials is horribly wrong.

To return to the letter I received, point No. 1 deals with the existing sub-post offices and the dates upon which the leases for them will expire. Point No. 2 states:

A central building could not be utilized to serve both north and south Burnaby because of the topography of the area.

I think that sentence is enough to make any member from British Columbia laugh. Whoever wrote that sentence has obviously no idea of the topography of Burnaby. We have five major highways running through the municipality east and west; we have excellent paved roads running through the municipality north and south; and to say that the topography of the area does not permit the construction of a central building when Liberal members of parliament have been asking for such a building, and when local municipal organizations have been urging for one for years, seems the last word in bad advice. The letter then goes on, and this is the part my people are going to resent more than anything else:

However, if a federal building were erected in either north Burnaby or south Burnaby, possibly space in such a building could be used to replace the rented premises now occupied.

That sentence, Mr. Chairman, makes it seem as though the Postmaster General had never heard of any plans for a federal building in Burnaby, and would also indicate that if we are going to get one it might be in north Burnaby or south Burnaby; but we are certainly not going to get one where the people of Burnaby want one to be constructed. Again I would emphasize that there is a modern, well-paved highway running right through the centre of Burnaby, so if anyone wants to lead the people to believe that that is a place where wild animals live, he is badly mistaken. The centre of Burnaby is well settled and it is a wonderful area.

The letter goes on:

The suggestion that all mail for Burnaby be channelled through either New Westminster or Vancouver is not practical from a postal service standpoint.

Then it goes on to explain that because one part of Burnaby is nearer to New Westminster and another part is nearer to Vancouver there would be a delay in the service if it were all channelled through one major post office at either New Westminster or Vancouver. But that is even more ridiculous than anything heretofore in this letter. Surely it does not take any longer for mail to be hauled from the centre of New Westminster to the centre of Burnaby than from the centre of Vancouver to the centre of Burnaby. At least the suggestion of serious delay is really stretching the imagination, and I know it will be resented by the people back home because they know it is just not so.

Then the minister goes on to remind me there is one organization in my riding which is not in favour of an all-Burnaby post office. I would like to point out that the north Burnaby board of trade has never stated that they did not want a Burnaby post office. Their representatives were at the meeting during the recess and they voiced no objection whatsoever. The only thing about which they are concerned is that any reorganization should not be permitted to interfere with the excellent service they are now getting because of the loyalty of the local postal worker. They want it considered on a metropolitan basis, and when we are asking for a Burnaby post office we are not violating that principle of a metropolitan distribution of mail in any way, shape or form.

Then, point No. 4 reads:

There appears to be no necessity for mail for Burnaby to be zoned.

I should like to ask the Postmaster General: If there is no necessity for that mail to be zoned, why is it zoned now? We have it zoned; Burnaby, north and south Burnaby, are at least several of the zones. We have the post office of Barnet, and a part of the municipality gets its mail through New Westminster. As a member of parliament, I ought to know my riding fairly well; yet I am

having a difficult time when I read somebody's address and want to send him a letter. I do not know whether such and such a number on such and such a route should be sent to New Westminster, to north Burnaby or to south Burnaby. I am forever finding I have to keep on resorting to the map and asking: Now, what zone is that particular letter supposed to be sent to? I maintain that the population is going to go up by leaps and bounds, and I am more concerned with the long-term outlook for Burnaby mail than I am with the immediate situation.

I do not hesitate to say that in ten years' time, instead of 70,000 people, we shall have 140,000 people, and what is the situation going to be like at that time? Right now I hear the New Westminster postmaster and the Vancouver postmaster voicing complaints that Burnaby mail is still being wrongly addressed by those who write to people in Burnaby. I submit that unless a thorough study of this situation is made it is going to be worse than ever instead of becoming better.

The last point in the reply is this:

As regards the drop letter rate, the situation in Burnaby is not comparable to either the Montreal or Toronto postal areas.

This may interest some of the members from there:

In the case of Montreal, the drop letter rate of postage applies only within the area served by letter carriers in the Montreal postal service.

We had a number of editorials in our papers back home lately calling for the drop letter rate in the lower mainland. I also know that they have written letters. I have been in the constituency of Verdun, which most people look at as being a suburb of Montreal. Some 90,000 people live there. I understand that the sitting member for that area won his election apparently because he pledged them a new post office. Why 70,000 people in Burnaby, one of the oldest areas of Canada, should be denied any post office recognition whatsoever and a place like Verdun receive a new post office is a little beyond my comprehension. My people voted Liberal for three parliaments in a row, and they are getting a rotten deal out of it. I know that the people of Verdun can send a letter to Ville La Salle for four cents and also to Montreal itself; and to use the argument, "areas served by letter carriers", brings me to ask this question: Does the minister think that in Burnaby the mail is still delivered by ox-carts from one settlement to another? We also know of such people as letter carriers. The New Westminster people have letter carriers, as do the people in Vancouver North and West Vancouver. If the area served by letter carriers is going to be the basis on which the service of four-cent postage is given, then West Vancouver, North Vancouver, Burnaby and New Westminster, other than the rural routes that exist and are part of the New Westminster system, should get the lower rate.

The minister goes on to say:

In the case of Toronto, a metropolitan municipal area has been created by provincial legislation.

So that is it, now. We rely on the provincial government to designate the metropolitan area, when all the time the minister has been telling us that they disregard municipal boundary lines. But here, because the province of Ontario has seen fit to declare a metropolitan municipal area, that is given as an argument. Well, it should be known that we also have such a thing as a metropolitan Vancouver area, and we have many organizations and public services that are based on the greater metropolitan area. The letter goes on:

Furthermore, the complete area is under the jurisdiction of the postmaster, Toronto.

That, Mr. Chairman, is exactly what I am asking for; that until we get a federal building and a post office of our own the whole of our mail for Burnaby be channelled either under the direction of the New Westminster postmaster or the Vancouver postmaster; that we be entitled to address our mail to Burnaby, and that the names of these zones be Burnaby 1, Burnaby 2, Burnaby 3; and, if Barnet is included, Burnaby 4. We think that is a reasonable demand to make. I think our minister is a very sincere man. He is new at his task, just as I am. Doubtless he receives some bad advice. I hope I do not get any bad advice, but I am hoping that he and I are able to learn, and he at least has the great advantage of a charming personality. I say again, I hope that when we vote his salary this time we will get the executive ability to go along with it.

However, in conclusion I want to read a rather long sentence. It is only one sentence, even though it is long. It is from bulletin No. 4 published by the South Burnaby board of trade. It outlines what everyone there wants. It speaks here of an Easter conference which it was intended to convene and which we were not able to have. The purpose of the conference was to be to:

. . . settle once and for all why 70,000 people cannot have a post office address that will give due recognition and publicity to the corporation of Burnaby and not further divide the community as the present plan will do. Other communities with smaller population have solved their problem by a zone system with full recognition of their corporation name and nothing short of this will satisfy the majority of Burnaby citizens.

Mr. Goode: Mr. Chairman, it is most refreshing that someone now can help me with this fight. Perhaps when you sit on this side of the house there are supposed to be differences politically between the hon. member for Burnaby-Coquitlam and the member for Burnaby-Richmond; but in this case that is not so. I do not agree with everything he says, in this instance, but I do agree with 99 per cent of it.

As I have said in this house before in his presence, this is a matter of two gentlemen, I hope, coming from British Columbia who want the same thing and who are trying to represent their people in the best way possible; regardless of where they sit in the house—they are going to co-operate. I have fought this fight of the Burnaby post office since 1949. The Postmaster General may not be in possession of all the facts. As my hon. friend mentioned, the Postmaster General is comparatively new, but I have fought this fight not with the Postmaster General but with senior members of his department. I have a file on this problem. I measured it this afternoon because I knew I was going to speak. It is fourteen inches thick and consists of letters back and forth, conferences held with the director of operations and other gentlemen in his department. That has gone on to the point where, as I said when I started, it is refreshing that I have some assistance.

Seventy thousand people live in Burnaby with a small city east of them, and with all due respect to the hon. member for New Westminster, it has only 26,000 people. The 70,000 people in my municipality have still the postal facilities as though we were only 16,000 or perhaps 1,600. There are two small postal stations doing very fine work, though in very limited quarters, but with four postal addresses in the municipality. A portion of the western part of our municipality comes under Vancouver and has to carry Vancouver addresses. Edmonds and east to the New Westminster boundary carries a New Westminster address and we have a North Burnaby address and a South Burnaby address.

I was rather pleased when the Postmaster General's first action to alleviate the situation was to give me the right to tell my people that we at least had a North Burnaby address and a South Burnaby address, but that is not being received very well. I do not entirely agree with it. Municipal pride comes into this. Burnaby has growing pains. We think we are entitled to a Burnaby address, but it was a move in the right direction and I accept it as such.

We have come to the point, however, where we have got to go farther. We have small cities and small towns around Burnaby with small post offices. Coquitlam and Barnet are small places in comparison with their own identification and yet I have been told by officials of the Post Office Department, after these many conferences and some hundreds of letters, that we have arrived at the place where a survey has been made. May I tell my friend from Burnaby-Coquitlam that we have a survey on top of many other surveys and we arrive at the position still where 70,000 people in British Columbia are not considered to be entitled to their own postal identification.

May I tell the Postmaster General that this municipality of mine houses some very large commercial concerns. I think the Postmaster General will recognize these names. We have the Trans Mountain Oil Pipe Line Company. We have refineries for most of the major oil companies in Canada. We have the Simpsons-Sears Company which opened the other day. I understand they are one of the largest users of mail facilities in Canada. I understand too that 80,000 people went through that store in two days. We have the large firm of Kelly-Douglas, one of the primary wholesale grocers in the country. We have the Continental Can Company. The Postmaster General will recognize these names. They have their headquarters in the municipality of Burnaby and it is getting beyond the stage where a member of parliament must stand up session after session and fight for something to which his people are entitled.

I know that perhaps a member on this side of the house has no better facilities than my hon. friends on the other side, but we are supposed to have if you listen to the stories from the other side. In this case, though they have elected a Liberal from Burnaby-Richmond, I do not seem to have had too much success. Perhaps it has been my presentation of the case. Perhaps I did not know the story too well, although I should know it with these hundreds of letters, conferences and so on. Now, I have someone to help me and may I tell you, sir, that the hon. member for Burnaby-Coquitlam and I are going to pound this matter until postal identification is given to the municipality of Burnaby—something that it was entitled to before 1949.

There is one other matter that concerns the constituency. I will give it now because the Postmaster General might as well have all of my problems at one time so that he can consider them. The municipality of Richmond, which I have the honour to represent,

has 27,000 or 28,000 people. The minister has heard me speak of Richmond many times. We have not even got a postal station there. I have a large file of representations to the department from the 27,000 people who live there. There is in that municipality the largest fish cannery in the commonwealth. It includes the Vancouver international airport, and more industries are coming there every day, and yet we are still doing business down in Richmond with a few sub-post offices in drugstores. They get the mail from postal station "L" of Marpole in the riding of my hon. friend from Vancouver South. It is a very fine place, a fine building, but it does not seem to matter that the postmen have to come across the Marpole bridge about which hon. members have heard me speak. They have to go some miles before they can arrive at their destination to start first delivery of the mail. Some of these places still have the rural routes which they carried 25 years ago.

It is just about time that some of the officials of the Post Office Department of Vancouver changed their way of thinking. I fully agree with my hon. friend that the Postmaster General is not getting too sound advice. I do not know that I would like to go as far as my hon. friend did, but the advice which the Postmaster General has received in these two matters is not sound. My case is sound. I will not stand in this house and make a definite statement unless I am absolutely positive that I am right. We are entitled to identification. I do not ask for a federal building in Richmond but I do say they are entitled to a postal station where mail carriers can work from. I doubt if any official from the Post Office Department can argue against me here, and it is just about time someone in Vancouver advised the Postmaster General as to what these conditions are.

I hope the genial minister can check these matters and tell me in his reply whether I am right or wrong.

Mr. Brooks: My remarks are going to be very brief. I too have a large file up in my office but I do not think it necessary to bring that file down and to read all of the letters in it to the minister. I am sure that we ought to be very grateful to the hon. member from Burnaby-Richmond that he did not read his 14-inch file to the house.

Post office matters were discussed very thoroughly when the question of increasing the four-cent stamp was before the house. I think that most of what hon. members intended to say was said at that time.

I agree with the hon. member for Hamilton West when she said that the Post Office Department touches the homes of individuals more than any other department of government. When we say "homes of individuals" we mean homes of people living in both rural and urban centres. This afternoon we have heard very little about post office conditions in the rural centres. We have been mostly concerned with urban centres.

I might say that my constituency is probably 90 per cent rural and that there are as many rural routes in the two counties which make up my constituency as there are in any other constituency in Canada. I would also like to say that I was not very much touched by some of the remarks of members from urban centres when they complained of the fact that their residents could not get two mails a day. The minister knows that in many rural sections throughout this country the residents are not getting one mail a day. As a matter of fact, I know of many sections where they are only getting three mails a week or two mails a week, and until that situation is corrected I, for one, fail to think that residents in any city or in any town in Canada should receive two mails a day—when country residents are only receiving one mail every three days or every two days.

There is some argument that business houses in large centres should receive two mails a day but we all know that in the larger cities and larger centres post offices are established at very focal points. It is an easy matter for someone from those large business houses to go down and collect the mail from the post office, not just twice a day but perhaps half a dozen times a day. I cannot see that there is any great suffering in the towns and cities of this country as far as our mail service is concerned.

I make this appeal for the people in the rural districts because they have not the facilities for obtaining news. Many of them have no radios. In many instances they have not telephones. As I say, they do not get the daily papers because they do not always have daily mail. All these many facilities which are found in towns and cities and the more populated areas are not found in some of the back rural areas, with the result that many of our people are leaving the back areas simply because they have not those facilities which can be found in other places. I make this appeal to the minister and his department to see whether better conditions cannot be given to some of those areas.

I am greatly pleased indeed that the rural mail carriers are to receive more pay and more attention than they have received in the past. I believe one of the main reasons for increasing the postage rate in this country was in order to increase the pay of rural

mail carriers and possibly that of mail carriers in the towns and cities, although I think they are being very well looked after at the present time. In the country districts we are handicapped by rules and regulations which I think must have been drawn up many years ago. For instance, you cannot get a daily mail in a rural section unless you have four boxes to a mile. You may have an average of three and one-half or three and three-quarters, but unless you have the four you cannot get a daily mail. To my mind that regulation must have been drawn up many years ago, in the days when mail was carried by horse and buggy. But today, when we have good roads which are plowed in the winter and are kept open all the year round, when the mail is carried by cars and when long distances can be covered, I think that regulation is much out of date. I think the rural mail routes could be greatly extended. I think a route could be extended so that it would include an area in which there are three people to the mile along with an area which has seven, eight or ten people to the mile, and that the figures could be averaged up. As I say, with better roads and all these other facilities, I think that is something that could very well be done.

As I said at the outset, Mr. Chairman, this is the main point I wish to bring to the attention of the committee this afternoon; I refer to the matter of rural mail. Let us try to give better mail service to the people in the country districts. Unless we do so we are going to have in the country areas more vacant farms than we have at the present time. I could have brought into the chamber a file as thick as that of the hon. member for Burnaby-Richmond with reference to the Burnaby post office, and it has to do with the Rothesay post office in my own constituency. I spoke to the minister about this matter the other day. I have raised it in the chamber a number of times. I know that the minister is cognizant of the situation at Rothesay. It is one of our finest villages in the maritime provinces, and is probably one of the finest in Canada. As I pointed out on previous occasions, in that village we have the poorest mail accommodation of any village in the whole country. The minister has been kind enough to mark this an urgent matter at the present time. The present situation has not been altogether the fault of the Post Office Department. The Department of Public Works has also been a little bit negligent in the matter. I was speaking to the Minister of Public Works the other day. He has taken a kindly interest in it. I think a site will be obtained. I have every reason to believe that, between the Postmaster General and the Department of Public Works, before this year is out Rothesay will at least have a start on a post office which is greatly needed. That is all I have to say in this connection, Mr. Chairman.

Mr. Stewart (Winnipeg North): Mr. Chairman, apparently quite a number of members of parliament have copious files on the Post Office Department. I am one who also has a file, only I brought mine with me. This file is sessional paper No. 94-H, some of which I intend to quote later. It is a file which was asked for or which was passed by the house on February 15 and which was referred to the Postmaster General on April 21. There is a long gap of time there. It was finally brought down on May 4.

Some months ago, when the post office legislation was before the house, I mentioned the word "patronage" several times and I said there was patronage in the post office. The minister was pained; the minister was astonished; the minister was astounded. The minister was innocent. The minister answered that patronage is something that was not known in the post office, and that it is the sort of word which is not used in the post office. This afternoon I notice that my friend the hon. member for Mackenzie asked whether certain form letters were still being used by the department. I think he also was sniffing around this forbidden subject of patronage. I can assure you, Mr. Chairman, that there are form letters which the post office sends out. For instance, I have in this file a form letter. I gather that it is the sort of form letter which is sent either to the Liberal organization or to the defeated Liberal candidate or, for all I know, to Liberal members of parliament. For instance, this letter is signed by Mr. R. H. MacNabb, director of operations, to a defeated Liberal candidate in my riding in Winnipeg. This is an official letter, and it is a form letter. It states:

Dear Sir:

In previous correspondence the department asked for your recommendation—

Here we have the department asking for the recommendation of a defeated Liberal candidate.

—of a suitable person for permanent appointment as postmaster at—

A certain area in my constituency is there named. If that is not patronage, Mr. Chairman, then what does that word mean? The form letter goes on to say this:

The order of preference which, according to law, is observed in making such appointment is as follows:

And they give six orders of preference. Then the form letter goes on as follows:

The department is desirous of placing this office on a regular basis as soon as possible and would

appreciate receiving your recommendation within the next two weeks. In the absence of word from you the department will conclude that you are not in a position to make a recommendation and will examine the qualifications of persons who may have applied for or who may be interested in obtaining this position.

Only after the defeated Liberal candidate has been given the opportunity to make a recommendation, and has failed to make one, does the post office graciously condescend to look into the qualifications of those who have applied for the job. Yet the minister tells me that there is no patronage. He infers that "patronage is a dirty word which we in our department would never use". The letter continues:

The selection will then be made according to the result of the inquiry and with the preferences as outlined in paragraph 2.

I am going to say this quite frankly and quite bluntly. The minister today has been the recipient of many bouquets. The time has now come for some brickbats. I can tell you, Mr. Chairman, that in certain appointments the post office is polluted with this concept of patronage. I am now going to give, to a modified extent at least, chapter and verse of my case. In this file also there are three letters from opposition members of parliament. By coincidence they happen to be three members of the party which I represent here in the house. One is from the former member, Mr. Bryce, who was concerned, as I have been for some time, about a sub-post office in a new area of north Winnipeg, West Kildonan. Mr. Bryce wrote this letter on April 9, 1951. I want to quote it extensively, indeed, the whole of it, to show the sort of letter it was. It reads as follows:

Dear Mr. Rinfret:

I would be very much obliged to you if you would have the officers of your department check into the possibility of a post office being set up at the corner of McGregor and McAdam streets in West Kildonan, Manitoba. I understand it will not be possible to have an accounting post office but that in all likelihood it would be possible for a non-accounting post office to be set up. This is in one of the districts where hundreds of new homes have been built up on what was bald prairie two years ago.

Thanking you in anticipation, I am,

Sincerely,
Scottie Bryce.

I read that letter to show that Mr. Bryce's desire was to have a post office in that area to serve the people of the area and for no other purpose. Apparently he had no idea at all of anyone who might perhaps act as postmaster. But I find in going through this file, as I have said, many letters from the defeated Liberal candidate in my constituency, who now is the defeated Liberal candidate in the constituency of Winnipeg North Centre.

Mr. Knowles: Does he now handle the patronage for both ridings?

Mr. Stewart (Winnipeg North): This is an example of the sort of letter which is sent to the defeated Liberal candidate in Winnipeg North from the director of operations of the Post Office Department. It reads:

Dear Mr. Taraska:

I received your letter dated the 31st August in regard to the position of postmaster at Winnipeg-Louise Bridge post office. Instructions are being issued for the appointment of Reverend P. H. Kohlmeier to the postmastership of this subpost office.

He was the person of course who was nominated by this prominent member of the Liberal party. On another and earlier occasion, dealing with that sub-post office, there is a letter from Mr. MacNabb to Mr. Taraska which reads in part as follows:

In view of your representations in the matter when you called at the department recently, this matter was given further consideration. However, as the postmaster has at least shown that he is incompetent, it is considered that he could not be continued in charge of the office and that steps should be taken towards his replacement.

But does the post office itself decide what sort of postmaster shall take the job there? Far from it. The letter continues:

I would therefore appreciate hearing from you again and receiving for the consideration of the Postmaster General your recommendation of some suitable person for this position.

Does my hon. friend tell me that is not patronage of the most flagrant kind? Let me go on a little further and quote a letter on page 68 of the file. Again this is a letter from Mr. MacNabb to Mr. Taraska, and it reads as follows:

In accordance with your recommendation contained in your letter or June 16, 1951, instructions have been issued concerning Mr. . . . in the position of postmaster at the above named sub-post office, his permanent appointment dating from the 25th of June, 1951.

Again the appointment is dependent entirely upon the desire either of the local Liberal organization or of the local defeated Liberal candidate. We are told that there are certain rules and regulations concerning sub-post offices, and that one of them is that the establishment of sub-post offices is approved by the department after the need has been definitely established by suitable inquiry by field officers. I can only conclude that the field officers that the post office has had at its disposal in North Winnipeg are the defeated Liberal candidates for election. I wish the Post Office Department would do something about the situation and get the whole

matter into much more competent hands. Here is another letter. This time it is addressed to Mr. MacNabb and is signed by Mr. Peter Taraska. It reads in part as follows:

In answer to your letter of October 26—

But first let me say this was one to Mr. MacNabb. The Post Office Department is very busy corresponding all the time with defeated Liberal politicians. I do not know what the cost must be to the country, but I would suggest to the hon. member for Moose Jaw-Lake Centre that he might have advocated the cutting out of this sort of correspondence for it would certainly save the taxpayers a very substantial sum of money. Here is Mr. Taraska writing to Mr. MacNabb. I should say here, Mr. Chairman, that as a member of parliament I have the habit of signing my letters "Alistair Stewart, Winnipeg North". I find that the defeated Liberal opponents do the same thing because the signature is "Peter Taraska, Winnipeg North". The letter reads:

In answer to your letter of October 26, and after making the necessary inquiries, I am pleased to recommend for the appointment of postmaster for the above named sub-post office Mr. . . .

I do not want to embarrass these people by giving names.

—resident returned soldier and the new owner of the present post office premises. Mr. . . . has the necessary qualifications and experience—

None of which I deny; it may be true. What I am objecting to is the way it is done. What I am objecting to is the fact that the minister stands up and states that there is no patronage in the post office. My hon. friend is an innocent abroad. If he will see me at the dinner hour I will give him much more proof than I shall be able to give before five o'clock. In connection with that same sub-post office there was a letter to Mr. Taraska, again from Mr. MacNabb, reading as follows:

In accordance with your recommendation . . . instructions have been issued confirming Mr. . . . returned soldier, in the position of postmaster at the above named sub-post office.

Yet the minister says this is not patronage. I do not know what it is if it is not patronage and, as I said before, of the most blatant type. I find so many examples on this file. Here is another one, a letter to Mr. Taraska of January 4, 1952, from Mr. MacNabb. I do not know whether Mr. MacNabb is the political commissar of the Liberal party in the Post Office Department or what his job is, but he seems to be in charge of the patronage end of it. The letter reads:

In accordance with your recommendation dated the 12th December, 1951—

—they have appointed so and so as sub-postmaster. Whether there is a recommendation from anybody else I do not know. I do know that there is a form letter that goes out to the Canadian Legion, but there is no record in this return of any recommendation from the Legion. Indeed, I suspect if there were one the recommendation of the defeated Liberal candidate would supervene and his ideas would be the ones which would be accepted. Here is another letter. This one is signed by Mr. McFarlane. It reads as follows:

Dear Mr. Taraska:

A request has been received in the department for the establishment of a sub-post office at 1615 Salter Street, Winnipeg, Manitoba. Conditions in the district are favourable and the department is prepared to open a sub-post office. Mr. . . ., who operates a drug store at that address, is the only applicant for the position of postmaster. Would you kindly furnish your recommendation of the postmastership of a sub-post office in this area.

One would think that the Post Office Department would investigate the qualifications of this applicant and, having decided that they were satisfactory, appoint him or, if they were not satisfactory, they would not. But far from it. They do not do that. They go to the local field officer, the defeated Liberal candidate, and ask him for his advice. There is another letter here signed "Peter Taraska, Winnipeg North" to Mr. MacNabb, which reads as follows:

In answer to departmental letter dated 14th October, I beg to inform you that after making the necessary investigation—

The field officers are ardently at work.

—I am pleased to recommend Mr. . . . who operates a drug store . . .

This gentleman of course was appointed and, for all I know, probably quite rightly so. As I say, what I am objecting to is the system, the fact that patronage does exist and that we ought to get rid of it because it is no good either for Liberals or for anybody else.

I was going on to read some more of these letters from some defeated Liberal candidates, but I think I shall go on with one which is not from a Liberal candidate but from one who was a member of parliament and whose judgment was sought by the department and who gave his decision to the department. The person to whom I refer is a former member of parliament, and one who was always greeted in the house with loud applause, Mr. J. S. Sinnott. I have a letter here from Mr. MacNabb to Mr. Sinnott which states:

The appointment in this case rests with the Postmaster General.

I thought the appointment in all cases rested with the Postmaster General.

Would you be good enough to submit for his consideration, your recommendation of some person for permanent appointment as postmaster at this sub-office.

Notice the charming courtesy. Then, Mr. Sinnott replies also most courteously that he has not, as yet, the information but he will let Mr. MacNabb have it at the earliest convenience.

Mr. Knowles: Perhaps he should have recommended himself.

Mr. Stewart (Winnipeg North): Then, Mr. Sinnott wrote again as follows:

I wrote to you on June 15 in connection with the nomination of someone to fill the place of the former postmaster, Mr. Lloyd Winston Hall, . . .

I wish to advise you at this time that the nomination of . . . is quite satisfactory, and Mr. Hall thinks the location and facilities will meet the requirements in that district.

Mr. MacNabb writes back on July 3, 1950, and states:

Dear Mr. Sinnott:

In accordance with your recommendations contained in your letter of the 22nd June, instructions have been issued confirming . . . as permanent postmaster at the Winnipeg-East Kildonan sub-office.

There is not a word here about the Postmaster General doing it. It is in accordance with Mr. Sinnott's recommendation, and that is how the Post Office Department makes its appointments.

Now, there was another time when Mr. Sinnott was not so fortunate. I do not want to suggest for a moment that the Post Office Department is always a spineless organization and does not stand up to members of parliament. Sometimes it does. Mr. Sinnott desired to have the Morse Place sub-post office changed. The whole matter is set out in the correspondence, and it is at this point that the hon. member for Winnipeg North Centre comes into the picture. He also has a letter here in this file to Mr. Bertrand, which reads as follows:

Dear Mr. Bertrand:

You wrote me on December 9 in reply to my telegram of December 6, with reference to the proposed transfer of the Morse Place post office, indicating that any action in connection with this matter had been suspended until further inquiry could be made.

You will recall that I pointed out in my telegram that this sub-post office has been in its present location for some thirty-three years, and that there was a wave of protest amongst the local residents over the suggestion that it might be moved.

Again in fairness to him I am reading my hon. friend's letter in full. It is quite a brief letter.

Your action in suspending the proposed transfer was appreciated by the residents of Morse Place, but there is still some concern over the fact that the matter does not appear to have been finalized as yet. May I ask, therefore, whether the inquiry referred to in your letter of December 9 has been made, and whether it is now definite that this sub-post office will remain on the Anderson premises where it has been to the satisfaction of all concerned for such a long period.

Thanking you for your further attention to this matter, I am . . .

As a matter of fact, the post office was kept there because the postal authorities in Winnipeg knew very well that is where it ought to be kept no matter what an importunate member of parliament might say about it.

There was another matter which I raised early in the session—

Mr. Cote: You are not complaining about that one?

Mr. Stewart (Winnipeg North): No, I just want to put it in the record to show that the post office sometimes says "no". But a non-Liberal member of parliament usually stands a poor chance against someone who is the defeated Liberal candidate. An opposition member of parliament is just a nuisance so far as this department is concerned.

Here is another case.

Oddly enough, this correspondence starts with a letter from myself, which I really think is worth reading again. It is to the Postmaster General.

Mr. Cote: Are you quoting yourself?

Mr. Stewart (Winnipeg North): I could quote no one who was more accurate or authentic so far as patronage in the Post Office Department is concerned. The letter is dated June 15, 1953 and reads:

I am writing in connection with the application of Mr. Morry to have continued at St. John's Pharmacy sub-post office No. 27, Winnipeg.

There are certain gaps in this letter which my hon. friend will appreciate for I do not need to put the whole story in again in black and white. I go on to say:

A few months ago I complained about an attempt which was made to remove a sub-post office from Sinclair's Pharmacy where it had been for almost 40 years. A well-known member of the Liberal party went to Sinclair's Pharmacy and demanded $500 or the post office would be taken from there. As I told Mr. Turnbull this was the most outrageous blackmail and I am glad that the sub-post office was not changed.

I am very happy to say it was not. I go on in the letter:

I hope the new owner of sub-post office No. 27 is not going to be penalized and I would request your personal attention to this matter.

Well, the minister did give it his personal attention because he wrote to me, and that letter will come up in due course. As I said, this letter of mine was dated June 15, 1953, by a happy coincidence, in the middle of the election campaign.

There was a letter dated June 25, 1953, again sent by the commissar of political operations, Mr. MacNabb, to Mr. D. W. W. Revie, 803 Charles building, Winnipeg. The house might be interested in knowing that Mr. Revie is associated with the Manitoba Liberal Progressive Association, so one can assume at least that he is not a Conservative. This is ten days after I drew the attention of the Post Office Department to the matter. The letter reads:

> The above sub-post office was temporarily closed on the 15th June owing to the resignation of . . .
>
> This sub-post office is located in the drugstore known as "St. John's Pharmacy". This business has been purchased by Mr. Manuel Morry, resident civilian, who has forwarded an application for the postmastership of this sub-office.
>
> Would you please be good enough to furnish us with your recommendation of a suitable person to act as sub-postmaster at this office.

Then, four days later, which is 14 days after I wrote to the minister, he answered me and said:

> In your letter of the 15th June you expressed interest in having sub-office No. 27, Winnipeg, retained in the St. John's Pharmacy.
>
> The department has just received the resignation of Mr. . . . , who has been sub-postmaster of the office located in St. John's Pharmacy, and an application from Mr. Manuel Morry, who apparently has purchased the St. John's Pharmacy from Mr. Bland.
>
> Your representations on behalf of Mr. Morry and the retention of the office in the St. John's Pharmacy has been noted and will be given every consideration.

I would be the happiest man in this house if I thought that were so.

Mr. Cote: To whom is it addressed?

Mr. Stewart (Winnipeg North): It is addressed to me; but, as compared to the head of a Liberal organization, who am I to say my letter or my opinions would receive consideration. I would feel gratified if I had a slight hand in this, but modesty forbids my believing I was the one who was responsible.

Mr. Revie writes to Mr. MacNabb, and his letter is dated June 7. Under the date "June 7", the department has noted "dated June 7 but received in department July 9." By that time, the Liberal party in Winnipeg were having a very rough time, and one cannot blame them if they were a month out in their calculations. The letter reads:

> I beg to acknowledge receipt of yours of June 25th, in the above connection. Our recommendation is that Mr. Manuel Morry, who has forwarded an application for the postmastership of this sub-office be appointed.

Then there is a courteous word from Mr. MacNabb who writes back to Mr. Revie:

> In accordance with your recommendation . . . etc., etc.

I did not get a letter from the minister. But Mr. Revie was told and that is why I assumed Mr. Revie was the man who had done it. But here is the letter to Mr. Revie:

> In accordance with your recommendation—

Not Mr. Stewart's but Mr. Revie's.

> —received in your letter of the 7th July, instructions have been issued for the re-opening of the above post office under the charge of Mr. Manuel Morry as postmaster.

Now, does the minister tell me I am being too modest?

Mr. Cote: No, you are not too modest.

Mr. Stewart (Winnipeg North): My modesty is justified in this particular case. But let me go on to some other defeated Liberal candidates. We have lots of them in our part of the country. Here is another one dated December 22, 1953. That date is rather interesting. The letter is addressed to Mr. Frank Chester and it informs him a sub-post office will become vacant at the end of December owing to the resignation of the postmaster. Here is a tip-off. The letter states that a note of this vacancy has been sent to Colonel Cairns. The post office does not know what is happening on every occasion but when it can it certainly tells the Liberal organization and sometimes Colonel Cairns.

Mr. Cote: Who is he?

Mr. Stewart (Winnipeg North): He is the provincial secretary of the Canadian Legion. Let me say to my hon. friend that many of these notices are sent to Colonel Cairns but we do not know what he says as there is no information from him among these letters and I therefore cannot say anything about that part of it. I know Mr. Chester is asked "We would appreciate receiving a recommendation of a suitable person to act as sub-postmaster at this office."

I remember around about Christmas reading in a newspaper somewhere that Mr. Frank Chester had been appointed to a quite responsible position in the civil service. I take it for granted of course, Mr. Chairman, he would do nothing further in this matter

because no one in the civil service would write a letter advising Mr. MacNabb who should be appointed to this sub-postmastership. But on the 4th of January of this year Mr. Chester states:

Dear Mr. MacNabb:

I wish to acknowledge and thank you for your letter of December 22, re the above vacancy and after going into this matter carefully—

Another field inspector promoted in the department.

—and considering only one application has been received I recommend that this office be re-opened as soon as possible and that the application of Mr. Myron Hunter, 1785 Main Street, be accepted.

I mentioned this because I asked questions in the house about the matter for there was another gentleman who also wanted this office and I advised him the proper thing to do was to make an application for the post office, find out if the people in his vicinity wanted the post office, get a petition and send it to the Postmaster General. This is what that man proceeded to do. But what a futile waste of time. The Liberal party were hard at work. Here is Mr. Chester writing to Mr. MacNabb, though I regret very much to say that the post office was not very much impressed with the letter sent out. It apparently thought Mr. Chester's recommendation was not much good because it decided to ask one who shall be nameless, but who is a cabinet minister from Manitoba, as to what he thought about the situation and his advice was that they should appoint a certain one of three applicants who were, Mr. Beek, Mr. Gunn and Mr. Hunter, and the letter continues:

In order that the sub-office be re-opened as soon as possible—

But just let me say for the moment that this is really going to the top brass. Mr. Chester's recommendation was noted, but there follows a letter from the anonymous minister's office to Mr. MacNabb in regard to who should be selected for this post. But the post office never sent another letter to Mr. Chester in this regard for Mr. Chester was lost to the Liberal party. He had gone to his reward and therefore he could not recommend anyone. But Mr. MacNabb wrote to this anonymous minister as follows, and the letter is dated February 4:

In accordance with your minister's recommendation of the 25th January 1954—

A very exalted fieldman.

—instructions have been issued for the appointment of Mr. Myron Hunter for the position of postmaster at the above sub-post office.

The Liberal organization in North Winnipeg had given up and I do not blame them. Now the post office has to go to the very fount and origin of Liberalism in Manitoba. Obviously the Postmaster General decides nothing. Obviously if a sub-postmaster is going to be appointed the people in West Kildonan need not send any petitions. It will be a matter for the Liberal party to decide who the sub-postmaster is going to be. Of course, Mr. Chairman, you know as well as I do that there is no patronage in the post office. The minister protests his innocence; he is virtuous; he is as above suspicion as Caesar's wife; indeed he out-Calpurnias Calpurnia. I have never seen such innocence.

I could go on here and give chapter and verse on what I consider to be patronage within the post office, but, Mr. Chairman, I think I have said enough at this stage to persuade even my innocent friend across the house that he has in his department, in some sections of it, this political commissariat which unknown to him is telling defeated Liberal candidates all over the country, "We want your advice as to whom should be appointed to the sub-post office." I have given my hon. friend all the details. He may not have known about them but now that I have told him his eyes will be opened and he can go into the post office now, take a very sharp cleaver and start to chop off some heads. If he does that we might have a post office in this country without patronage.

Mr. McLeod: Mr. Chairman, I have no files covering lengthy correspondence which I need to go through for the benefit of the Postmaster General, and after listening to the speech of the hon. member for Burnaby I have come to the conclusion that my own remarks, in so far as the post office is concerned, and the complaints I have to bring to the minister's attention, are of a minor nature.

However, there are a couple of points I wish to bring to the minister's attention. In the recent news item I noticed that the C.P.R. branch line from Sicamous to Kelowna through the Okanagan valley in British Columbia will discontinue hauling mail, and that such a service will be taken over by the trucks. I can understand that such a course would prove to be economical as it would eliminate delivering from the train to the post office at these small places. However, I would like to have an assurance from the minister that in making this change the service we will be receiving will be at least equally as good and perhaps an improvement on the service we obtained in the past.

I cannot pass up this opportunity of bringing to the attention of the minister, as I

have done on previous occasions, the question of the Vernon post office. The lack of postal facilities in Vernon has been recognized by the department for some years. I have had proof of this in the interviews I have had with the deputy postmaster general and officials of the department. I know the genial Postmaster General will tell me that his genial colleague, the Minister of Public Works, will not proceed with the erection of a public building there. But, Mr. Chairman, I must remind the Postmaster General that his department must take the blame for this situation. Four years ago the Vernon post office was declared inadequate by the postal authorities. Since then both the urban and rural population have increased rapidly, the facilities have not yet been improved, and the larger volume of mail is adding daily to the congestion. Therefore, I would suggest it is imperative that the problem which has existed there for years should be corrected. It is to the Postmaster General that we look for help. It can be argued of course that it is the Department of Public Works that must provide these buildings; but nevertheless, in considering the problem of an adequate mail service, it is not likely that the people of any district take that into consideration. They are looking to the Postmaster General for results.

When the Postmaster General replies to the questions that have been raised in the committee I would like him to refer fully to the two problems I have raised.

Mr. Dinsdale: After the remarks of the hon. member for Winnipeg North this afternoon I am afraid that any other contribution to this discussion would be anti-climax. In his remarks, however, he indicated that there is a close relationship between the Post Office Department and the public, and perhaps between some groups of the public more than others. Down through the years the people of Canada, as well as the people of other countries, have come to associate very intimately the activities of the Post Office Department with the activities of the government. This being so, I feel that any changes in post office activities will affect quite directly the attitude of the public toward the government. Some developments in our Canadian Post Office Department are rather significant in this regard, and I should like to draw the minister's attention to them this afternoon.

It seems to me that in recent months the Post Office Department has been pleading poverty. I do not know why this should be so. It might be that because of its close contact with the public there is a desire to convey the impression that the government is beginning to pull in its belt and that economy is the order of the day. From a perusal of the blue book of estimates, of course, we know that is not so. But in the Post Office Department there definitely seems to be an attempt to convey this impression to the public. I have mentioned this fact before. The annual revenue for the fiscal year 1925 in the local post office in the city of Brandon was $110,600.95, and the staff employed numbered 44. In the year 1952 the revenue had increased to a figure of $217,122.15 and the number of employees had dropped to 41. That seems to be very creditable progress so far as economy is concerned. However, if you pursue the problem a little further you find that such economy is effected by a sacrifice in service, particularly in the new suburban areas of the city of Brandon.

I should like to suggest this afternoon, Mr. Chairman, that perhaps the saving effected is not in the best interests of the reputation of the Post Office Department so far as efficiency is concerned. Also on this general theme of the desire to plead poverty or financial hardship on the part of the Post Office Department in recent months, we need only refer to the rate increase in April last. There seems to be some contradiction between these two facts, curtailment of expenditure in certain areas on the one hand and the increased revenue that will be realized from the increase in postage rates on the other. Somewhere along the line this is going to result in a decrease in the volume of mail, which of course will work against the buoyancy of post office revenues. These matters, however, are incidental to the main point that I wish to bring forward this afternoon.

Throughout the prairie provinces in recent years there has been a tendency toward a decrease in the number of rural routes. I look into the annual report, however, and I notice that as between the fiscal year ended March 31, 1952, and the fiscal year ended March 31, 1953, there has been a 37 per cent increase in the number of rural routes serving the Canadian people. In the west, as I have indicated, and from personal knowledge of my own constituency, on the other hand, there has been a continuing process of discontinuation of rural routes that have been in existence for a good many years in this country. The last episode in my own constituency was the cancellation of three rural routes operating out of the town of Reston. The official explanation of this state of affairs emphasizes loss of patronage with the advent of the automobile age and further emphasizes the prevailing undesirable road

conditions. In particular, in regard to the road conditions, the official explanation states that the roads are impassable in the wintertime. That is true. We must admit there are a good many roads in Manitoba that are impassable. That is not a new fact. That is a problem we have contended with from time immemorial in that part of the country. I imagine the real explanation lies in the first observation, namely, loss of patronage as the town post office becomes more accessible with the increase in the use of automobiles. That is quite true, but it places the patrons who have no automobile in rather an unfortunate position.

I do not know what the final solution to this difficulty is. There are special conditions in the west that have to be met in regard to the provision of any public service. We have the great distances, with very sparse populations, to contend with. Nevertheless, during recent years our population in the rural areas has tended to decrease and this has aggravated the difficulty of continued loss of patronage. However, I can foresee that if we continue to decrease the public service available to the citizens in our rural areas it is only going to make the trend that we refer to as a rural-urban drift all the more noticeable and obvious.

With the continued increase in mechanization of grain farming it is quite possible for one or two individuals to farm a very large area. Unfortunately if this trend that seems to be under way in the prairie provinces—of closing down rural routes—continues, it is only going to add to the process of depopulation. I say, Mr. Chairman, that I do not know what the solution is. Apparently the Post Office Department has taken the easy way out and is simply closing down the routes. With loss of patronage and loss of customers there is not sufficient left to warrant a rural route—so, close the routes. As I look over the rural routes in my constituency it seems that it will not be long until we have no rural route service at all.

I would just like to close by asking the minister the policy in this regard. Is there any clearly defined policy or is it just a formula applied right across the Dominion of Canada without taking into consideration the special circumstances that do exist—the circumstances that I have already outlined that do exist in the prairie west?

Mr. McIvor: Mr. Chairman, I do not know much about what is going on in other constituencies with respect to the post office but I do know what is going on in Fort William. If the rest of the service is anything like that which we have in Fort William I would be surprised if anyone condemned the post office. Our post office in Fort William has been splendidly efficient. We have had a postmaster who was always young. He retired this year although he was good for twenty years more.

When the postmaster was changed they did not even consider me or ask me anything about it and I had enough common sense to let the civil service commission make the appointment—and they appointed the deputy. If they had brought in someone from North Winnipeg I suppose they would have heard from me, but they did not do that.

Some hon. Members: Hear, hear.

Mr. McIvor: They did what I thought was fair and just—a young man who had served the post office since he was a boy was appointed to the position.

With respect to the retired postmaster, may I say I never heard of any complaints about his service. Not only was he an outstanding postmaster but he always had a little time to take care of the boys who played hockey.

I have not written a letter this year which did not find its destination. I have never written to the post office officials and received other than a courteous and decent reply. When new streets were opened it was my duty to co-operate with the people on those streets to see that they received service. The retired postmaster was very efficient, very courteous, and he saw that the letters were delivered to those people when there were sidewalks.

The only complaint I have heard about rural routes was away up near Hymers where they could not get mail in the wintertime because the roads were snowbound. I reported this but anybody knows that it is not the business of the Dominion of Canada to keep roads open. That is the duty of the provinces—to keep the roads open so that mail couriers may carry mail on their routes.

We received several increases for men who were carrying rural mail and those were outstandingly needed because the individuals were not making sufficient to carry on.

I have just one thing to say to the Postmaster General and it is this. People operating local post offices in the country are not being paid enough. When I found what some of them were receiving, for having to attend to the mail and keep an up-to-date office, I was surprised that the dominion government was so hard up. I think the minister should take that into consideration. People who are trusted with the queen's mail should receive a proper remuneration.

May I pay my tribute to the officials in the Post Office Department and to the deputy for the treatment I have received in the past year. If everyone else got the same treatment I think you would not have anyone finding fault.

Mr. Herridge: Mr. Chairman, I listened with a good deal of interest to the story told by the hon. member for Winnipeg North. I do not intend to go into that aspect of the situation but my impression is that as far as British Columbia is concerned the digging for information would not be as fruitful. I have a suspicion that matters of that sort are carried on much more skilfully in British Columbia.

Now, Mr. Chairman, I must express to the Postmaster General my appreciation of his courtesy in dealing with any complaint or suggestion that I have had occasion to take up with him. He always has an investigation made into the particular complaint and I have always received a report as a result of that investigation—a report in detail giving reasons for the department's decision—whether I agreed with it or not. I appreciate that very much because I have been in the habit, formerly, of getting one- or two-sentence letters which practically said "no" in terse language, with little explanation.

I do want to say that, from my experience in the constituency and from my knowledge of smaller post offices, I have come to the conclusion that the basing of salaries of certain postmasters in these small post offices on the sale of stamps is unfair. I think it is an obsolete system and unfair because it is not in all cases a true reflection of the amount of work which the postmaster is required to do. I know of cases where, owing to geography and local circumstances, some people buy their stamps and get their mail at post offices other than in their own district. I do suggest that the system is completely outdated and that there should be a new system established to provide at least for a minimum salary in all cases.

Now, may I say a word or two with regard to rural mail contracts. Before proceeding, Mr. Chairman, I might note that my experience generally speaking has been that the Post Office Department has given remarkably good service under circumstances which, in some cases in my constituency, are very difficult. I am sure the Postmaster General, or if not the Postmaster General, his officials, will realize that some very peculiar circumstances arise in a constituency such as mine, where isolated places have to be served despite poor transportation facilities, poor roads and the difficulties they create. I want to say a word in commendation of the work of the people in the smaller post offices and in the service generally, and of those who carry rural mail. I am thinking of a particular case where the courier takes mail between Kaslo and Nelson and return every day. Sometimes it is very hazardous travelling along the Kaslo bluffs, under winter conditions. The person who carries that mail has occasionally made trips when no other vehicle would travel the road owing to the risk from snowslides and an icy road surface. I think that service is worth mentioning, but if I could take the time I could give the Postmaster General several illustrations, of service rendered under difficulties.

While I realize that contracts for carrying rural mail, according to law, must be awarded to the lowest tenderer, provided he or she has the equipment and the capacity, I do think that more consideration should be given—and I think there is sufficient latitude in the wording of the act—to such departures from that principle as are, shall I say, justified because of local conditions and circumstances. Sometimes the person who puts in a tender for carrying mail is only a few dollars higher than the lowest bidder but the former person is sometimes carrying on a service that is very necessary to the district. When that person obtains the contract, it makes it much easier to carry on the service in question. I just throw out that suggestion because I think on some occasions the department is fully justified in giving consideration to these local circumstances, and opinions.

I now want to bring to the minister's attention the necessity for the restoration of the mail service between Revelstoke and Nakusp and points on the lower Arrow lakes. There is no service at the present time. The famous steamer *Minto,* which has operated for 53 years, is now tied up at the dock because I understand the whole matter is not yet finalized. I am hoping that the Minister of Transport will soon hear from the minister of public works in British Columbia that the government of British Columbia is willing to join with the federal government in a subsidy to keep this steamship service running. Anyway, in the meantime there is no commercial transportation between Arrowhead and Nakusp, and persons travelling back and forth are obliged to use planes or small launches. Whether or not the *Minto* service is resumed, I am quite certain that some form of commercial transportation will be established in the near future—there must be—to serve the needs of the district.

I suggest to the minister that when a service is resumed, consideration should be given to the establishment of a mail service between Revelstoke and Nakusp. Revelstoke is on the main line of the C.P.R. All our mail from east and west goes conveniently from Revelstoke to the upper and lower Arrow lakes as far south as Edgewood. Revelstoke is the centre for several provincial government offices that are important so far as the lands and taxation departments are concerned. It simply means the dispatch of a bag or bags from Revelstoke, to Nakusp directly from which place points on the lower lakes could be served, and a bag for Halcyon and St. Leon. I mention this matter again because that service would be a tremendous convenience for that area. At Halcyon we have a sanitarium. At St. Leon we have a summer resort. We also have extensive logging operations along the upper lake. When I tell the minister that in those logging camps last year, between Nakusp and Arrowhead, over a million dollars' worth of forest products were produced, he will realize what a letter mail service means to that area. At the present time if you send a letter to Revelstoke it goes to Nelson which is 100 miles south. Then it goes to Calgary via the Kettle Valley railroad and from Calgary back to Revelstoke on the main line. Then if the letter is posted from Revelstoke, it goes in the reverse direction to Nakusp or other points on the Arrow lakes. It is an extremely slow service and is most inconvenient for the industries and businesses concerned and for the ranchers in the district. I again urge that consideration be given to making provision for a direct mail service between Revelstoke and Nakusp and way points.

I now come to a subject I think I can properly mention under this estimate. For years the post office facilities in Trail have been most inadequate. For years—for ten years at least—there has been a shortage of space. There is poor lighting, there is poor ventilation and the basement is definitely unsanitary. It is unfit for postal employees to work in. I wish the Postmaster General could see that basement when the sewers are full in Trail on account of storm water. The sewers back up into the basement and as a result there is a most offensive odour and at times a filthy situation. In recent years the conditions have been so bad that, to my knowledge, the department has lost a number of employees from the Trail post office, particularly letter carriers. The letter carriers are required to sort their mail in the basement under conditions at times that no person should be asked to work, because of the unsanitary nature of the basement. Some of these letter carriers have stayed on year after year in the hope that this new proposed federal building would be erected in Trail and that their working conditions would be remedied.

We have been promised the building for five years. Money has been voted by the House of Commons on three occasions. Money was again voted at this session for the commencement of this federal building. The latest information given me by the minister was that, owing to a revision of the plans, he did not think it possible for tenders to be called until late this fall. I want to draw to the minister's particular attention the fact that I have also been informed that there has been considerable delay owing to representations made by the Post Office Department for changes in the design of this building, and that the Post Office Department has taken considerable time in advising the Department of Public Works with respect to changes required in the plans for the new building. I understand there has been a revision of plans owing to the internal requirements of various departments and a revision of plans because of a certain type of entrance that was necessary for the mail bus to conveniently pick up and deliver mail. I am told that a considerable part of this delay has been occasioned by the time it has taken the minister's department to accurately inform the Department of Public Works of its needs and requirements. In fairness to the public of the district—and it is a great wealth producing district, Mr. Chairman—and in fairness to the employees, I urge the minister to do everything he can to press for an early commencement of the construction of the proposed federal building in Trail so that his department will be able to render the service that is necessary to the district and so that his employees will work under proper conditions.

Mr. Holowach: Mr. Chairman, I just wish to say a word or two on this item. I intend to make my remarks brief and as much to the point as possible. I feel that I will be expressing the point of view of many members in this chamber when I say that we feel fortunate in having our new minister in charge of this vital department. Apart from his affable nature, by the manner in which he has responded to criticisms in the past, he has given evidence that he is willing to bring about whatever improvements are possible in his department. In the matter of patronage and political string-pulling, we trust that his feelings are the same as those of the other members of the House of Commons who do not condone these things. For

these reasons, I am sure my remarks will receive the attention of the minister and that he will give sympathetic consideration to the solution of a problem which has arisen in an important part of Edmonton East. I refer to the town of Beverly. The town of Beverly, like other towns in Alberta, is growing by leaps and bounds. Beverly is, in fact, a suburb of Edmonton. It is a most vigorous and ever-expanding residential as well as business area. At the present time the population of Beverly is over 4,000. The population there has tripled within the last three years. I may say that at the present time negotiations are being carried on with the city of Edmonton looking to the inauguration of water service, and other public services for that town. I should also like to point out to the minister that Beverly, lying on the borders of Edmonton, is inhabited by a great many industrial workers employed in the chemical plants and refineries around the city of Edmonton. At the same time an important commercial road passes through Beverly, from the heart of Edmonton, to this highly industrialized area.

In view of the tremendous expansion of the area, the people of Beverly have felt for some considerable time that they are justified in asking for improvements in the postal buildings as well as in the service given to them. The present buildings are very small and cramped, and while they perhaps served the needs of the community well in the past, the present size of the town certainly justifies better buildings as well as additional delivery service. Of course I am not reflecting in any way on the service that is being given now. Under the circumstances, the public servants there have done an excellent job, but I would appreciate if the minister would seriously investigate the possibility of inaugurating a postal delivery service for that area at the earliest possible date.

(Translation):

Mr. Gagnon: Mr. Chairman, last year parliament approved a $250,000 appropriation for construction of a public building in Chicoutimi. A few days ago, when I asked the Minister of Public Works (Mr. Winters) where this project stood and why there was no mention of that amount in this year's estimates, he answered that the Postmaster General (Mr. Cote) had told him that he would like to make a survey of postal services in that district and that his department was not in a position to proceed with this building before this survey was ended.

I would therefore like the Postmaster General to tell me what point has been reached in this survey and whether he will soon make a report to his colleague, the Minister of Public Works.

The minister knows full well that for the past twenty years and more the people of Chicoutimi, through civil authorities and chambers of commerce, have been requesting the erection of a suitable building. Present accommodation is inadequate, considering the growing needs of those people. A few years ago some land was acquired for that purpose. I know that the minister is well acquainted with Chicoutimi and that he also has some good friends there. I would therefore like him to tell me, when he speaks of his department, what his plans are with regard to Chicoutimi.

(Text):

Mr. Noseworthy: Mr. Chairman, as consolation to the minister, who has been receiving considerable criticism this afternoon, may I say that this session I have in my file fewer criticisms of his department than in any other session since I first came to Ottawa. Many of the difficulties about which we have complained in the past have been ironed out, but there are still a few left that I want to bring to the minister's attention. I want to remind him that I have been asking for a post office for York township ever since I came to Ottawa twelve years ago. I do not want him to forget it. I am still asking for it. The hon. member for Burnaby-Richmond talked about a community with 70,000 people having no post office. For their consolation may I inform them that York township is a community, now seeking incorporation as a city, with a population of over 100,000 and yet it has nothing but a number of sub-post offices located in drug stores, hardware stores and so on throughout the area.

The people there all have to go into the city of Toronto for the services which only a postal station can give. That is not what I want to deal with. I take up that matter by correspondence with the minister from time to time. I want to deal with a few matters pertaining to the labour relations within the post office in Toronto. I cannot deal with the relations in the post office in my riding because we do not have a post office, so I have to content myself with dealing with the grievances of the Toronto postal employees or those from my constituency who work out of the Toronto post office.

There is still considerable dissatisfaction on the part of the night workers over the differential that was established when the

40-hour week was introduced. As the minister knows, before the introduction of the 40-hour week there was a five and a half hour differential between the night and day workers. The day workers worked forty-four hours and the night workers thirty-eight and a half hours a week, making a five and a half hour differential. I understand that the post office has now wiped out the time differential, has required the night and day shifts to work forty hours and has replaced the time differential with a cash differential of $6 a week worked out on the basis of 15 cents an hour.

The postal employees association and the night workers feel that is not a satisfactory differential. As far as I can gather, they would much prefer the time differential to the cash differential, if not five and a half hours, possibly five hours or something less. That is the recommendation of the postal employees association and all the night workers to whom I have spoken.

Then there is the question of holidays for some of the night workers. There are women workers in the Toronto Fleet street post office who work until twelve and one o'clock in the morning six nights a week. However, because they are considered to be part-time workers they are not entitled to any holidays with pay. They tell me that if they are in the good graces of the man in charge they may be able to wangle a holiday occasionally, but otherwise they cannot. There is a feeling there that these women, who are steady workers, who work six nights a week, should be given some concession by way of holidays, even though they are considered part-time workers. If the minister will take cognizance of these two small grievances, that is all I want to put before him now.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Montgomery: I do not intend to take very much time, but I should like to make a few remarks in connection with the first item of the Postmaster General's estimates. I must say that I have some criticism of the postal department, but so far as the minister is concerned I really appreciate the courtesy that he has extended to me on the inquiries I have made. There is one exception to that, and I shall bring that to his attention before I finish my remarks.

I feel the Postmaster General should know that while the increased postal rate was strenuously debated in this house and has now become law, it is not a popular thing. In my own constituency I have found that the increase has been thrown up to me quite often. The most unfortunate part of it is that this increased cost seems to be the basis for increased demands for service throughout the rural areas and that is going to be the basis of my remarks this evening. There are not a great many areas that do not receive daily mail under the rural carrier system, but there are some. These people feel very strongly that they are being discriminated against when they cannot qualify under the present regulation of three or four boxes to the mile for receiving daily mail. Some of these people receive a great deal of mail, but have to wait three or four days to get it.

It seems that these complaints arise as a result of the carrier being on a holiday one day, and then not delivering the mail the next day, as he does not have to do under the regulations. Some of these people will have a pile of five or six daily newspapers that are all delivered at once. The same remarks apply to stormy or wet weather. I do not believe that a mail carrier should have to go out in stormy weather, but if he does not go that day because of the storm and the roads are plowed out the next day, he should go that day. The people feel that in view of the fact they are paying an increased cost for the service and the cities are getting at least one delivery a day—in some places consideration is being given to two deliveries a day—then the people in the rural areas should get mail delivered once a day if the roads are passable.

There are places that cannot expect daily mail deliveries, but I am referring to places in which there are almost enough settlers to qualify under the regulations now. There was not too much complaint before the increase, but I find I am getting a lot more demands now. This is due to the fact the people feel if they are going to pay increased costs, they should receive service. As I said before when the bill was before the house, the increased postal rate and the lower air-mail rate benefits a great many people but not those who are living in rural areas. I realize it might be difficult for departmental officials to understand this because a great many of them are not people who have lived out in the back areas such as that from which I come. These people feel they are contributing to the revenues of this department, and they feel that a five-cent postage rate is too much, to put it bluntly. If they have to pay that rate, then they feel they are entitled to some service, especially when they read in the newspapers that the cities are demanding deliveries twice a day. I feel they

have some reason for complaint, and I do not hesitate to stand up here and plead their case. Before there are two deliveries a day in the cities there should be some change made in the regulations to enable the people in these rural areas who can almost qualify under the four boxes per mile provision to receive daily mail.

I can recall one case in my constituency that has been brought to the attention of the district headquarters inspector, but upon which I have had no report. I asked for a report some time last fall. Perhaps the minister or some of his staff would look up the files and verify the fact that I have never received a reply. No doubt the matter has been investigated because, as I said in opening, the minister has been very courteous with respect to my inquiries. I am going to ask him about that one exception I mentioned. I am referring to the Saint John district. If investigations were made of certain complaints, some changes could be made and daily service established in some places for which it has been requested. Perhaps this could be accomplished through a rearrangement of the routes. I do not feel it is a member's place to go out and conduct that investigation. The departmental officials are the ones who can work that out better than anyone else.

There is one place in particular, and I think the minister or deputy minister knows about it because I have been asking about it for over a year, called Glassville. There are two routes there, one daily and one tri-weekly. They could easily be amalgamated, and it could be worked out so there would be no hardship on anyone, with the exception that one mail carrier may have to be dropped. I do not like to see anyone lose his job, but the consideration of the people comes first. That is a matter that the departmental officials in Ottawa and Saint John know about, and I am asking that further investigations be made.

I do not think I need to say anything more about that. I want to compliment the minister and his department on the way most of the applications of rural carriers for reconsideration have been treated. I have had a few complaints but on the whole I believe they have been treated fairly well. Everyone cannot be satisfied, but on the whole I believe they have been treated well under this system. At the same time I do not feel the amendment that was passed last year should be treated in a manner that will enable old carriers to be left on because of—I hesitate to say this but I am going to say it—political considerations.

An hon. Member: Oh, no!

Mr. Montgomery: You might be surprised to find that there is some in my constituency. I think we should face the fact. I think the elected member is the man who represents the constituency, not the defeated candidate. I am not saying that the Postmaster General is doing this in particular, but I did hear a lot about it this afternoon. I also hear about it in my constituency, whether it is true or not.

Changes must be made from time to time but I should like to see these changes based upon the recommendations of the people along the route. If a man has been doing a good job I think he should be given another chance. If he has not been doing a good job and satisfying the people along the route, then when his contract runs out consideration should be given to calling tenders.

I presume that the Postmaster General will be answering a lot of questions that have been asked and when doing so I wish he would tell me something I have been waiting for since December 17. I am quite sure that he has overlooked this. He wrote me on that date that he was going to bring me up to date on the situation at Plaster Rock. They have been after a post office there. They did own a piece of land but apparently it was not large enough and I believe another piece has been secured. I am sure that this is just an oversight but I have been waiting patiently for a report on this matter. Will the minister please look up to the file as I am sure additional information must have come in since then. I would like him to bring me up to date. If he cannot do it when he is answering questions, it will be all right if he will drop me a letter and give me that information. All sorts of rumours are going around and I hope they are just rumours and not facts.

I was not able to be here when the estimates of the Department of Public Works were dealt with but I want to say that I appreciate the co-operation the Minister of Public Works has given me in regard to the public building, which will contain the post office, in Woodstock. All that is appreciated.

I do not think there is anything else at the moment that I want to go into. I ask the minister again to keep the Plaster Rock situation in mind and bring me up to date on it. I have not bothered him about it because I felt that when he got the information he would give it to me. He must have a lot of information by now. If the rumours are true, he has that information; if they are not true I would like to know.

Mr. Mang: Mr. Chairman, I represent a rural constituency in Saskatchewan in which are located a great many rural post offices.

There has been considerable criticism of one kind and another of certain individual items in connection with the administration of the Post Office Department, but I am one of those who does not judge a whole situation because one small part may not be all that is desired. Some people enjoy picking out one small part and endeavouring to make that represent the entire picture. I would not be happy doing that.

A great deal has been said about laxity in the delivery of mail. When this house closed at six o'clock I went down to the post office and obtained a letter from my sister in the town of Edenwold, Saskatchewan, which is nearly two thousand miles away, on a branch line running northeast from Regina. This letter had been written last night at a quarter to seven and I am sure it was in the box waiting for me at five o'clock this afternoon.

May I say that this is not the first time I have been subjected to such maltreatment by the Post Office Department. I get it quite regularly. If I only had the ability to express myself dramatically which is possessed by the hon. member for Winnipeg North I would attempt to dramatize this alacrity on the part of the Post Office Department. However, as I am lacking in those dramatic qualities which are found in such profusion on the other side I must forgo that pleasure.

The postmasters and postmistresses are the forgotten people in many cases. These people render a great service and I often think that the payment they receive in return is not at all commensurate. I mention this in order to emphasize a point which was touched upon this afternoon. The postmaster or postmistress in a small village, say of 185 or 200 people, has a strong personal relationship with the community. No matter what hours are prescribed by the Post Office Department as to the post office opening at such and such an hour or closing at such and such an hour, these postmasters and postmistresses find quite often that those hours do not mean a thing. Very often they are called at ten o'clock or eleven o'clock at night and if a person has come in eight or ten miles the postmaster or postmistress will oblige and let him have his mail. They are on call nearly all the time. This is particularly true where the post office is located in a dwelling, as is quite often the case.

When the post office is located in a dwelling people come and go all the time and there is a constant stream of visitors throughout the whole week. They have not the same privacy they otherwise would have if the post office was in a store or somewhere else.

The situation I have described is true in connection with many of the smaller post offices.

Coming back to the question of remuneration: The basis of remuneration is the revenue of the post office. The revenue decides the classification, and the postmaster or postmistress is paid according to that classification. That does not take into account the huge volume of handlings that are taken care of in that post office. In a little village, such as my own village of Edenwold, I have known catalogues to the number of eight or ten bags to come in at one time. I have given this example before. It takes a considerable amount of work—not that they come in every day—to handle that great volume of mail.

I would suggest that the Post Office Department, if it has not already done so, give some consideration to the volume of actual pieces of mail handled in an office. The revenue that comes in is not always a true criterion upon which to base the activity that takes place in an office. At Christmastime, at Eastertime and at valentine time and so on, on these special occasions, there are literally thousands of pieces of mail handled. With the business upswing that we have had in the west, a great deal of business mail has also had to be taken care of. I would suggest that in some way the Post Office Department find out just what the volume of business is in these post offices, apart from the actual sale of stamps and so forth, because it is considerable at the present time, and then probably pay a bonus in places where the volume is greatest.

As for patronage, with respect to almost every problem that you can think of you can find something in the Good Book, which was given to us for guidance, to take care of it. It is so with the matter of patronage. I have in mind the text:

> He that is without sin among you, let him first cast a stone.

Since I come from Saskatchewan I know full well that that is a very significant text to quote to my hon. friends opposite, and I know that they have no post office to use in a patronage way. I am not convinced that it is so used by the Post Office Department, in spite of all the things that have been said.

There is no government in any part of the world so pure that it is not without its human element, its human influences and its party feeling. I think that text should be borne in mind when those voluminous documents are read which tend to show that

there is patronage and that there are patronage difficulties. As I said, it is true that in Saskatchewan we have learned what patronage can be.

Mr. Castleden: The hon. member is talking about the old Gardiner machine, is he?

Mr. Mang: If so, you have learned the lesson very well; you have doubled and trebled it.

Mr. Castleden: Heaven forbid.

Mr. Mang: If so, you have doubled and trebled it.

Mr. Castleden: We lived under it for years, that is why we changed it.

Mr. Mang: I would repeat that as far as the post office is concerned, it is a department that reaches into every home; the five-year-old youngster will be mailing a card at Christmastime; the eighty-year-old gentleman will be sending a letter once or twice a year.

Mr. Knowles: That is about all he can afford.

Mr. Mang: My remark would not apply to the hon. member for Fort William; but the department reaches into every home and almost every person has some connection with it. For that reason it is a difficult department to administer. All in all the Post Office Department is to be commended on the very efficient service it is rendering, as I have proved by the letter I have just mentioned and which I received only tonight.

In closing I say I am thankful that after a few years' effort, Kipling, the newest town in my constituency, is going to have a post office in the very near future.

Mr. Hahn: I have only two or three short questions that I should like to have answered. I would have been surprised if I had not heard the hon. member for Qu'Appelle wondering what had happened to socialism or has it not had any patronage in its ranks. I find he came through nobly. To me it is a strange state of affairs to have a Liberal member in the house suggesting that a C.C.F. member can be 99 per cent right. Strangely enough, I find myself agreeing in one or two instances in this respect.

What I have in mind is the question of the drop letter rate in the Burnaby-Coquitlam-New Westminster area. The hon. member for Burnaby-Coquitlam made an excellent case this afternoon when he drew the attention of the committee to the need for such a letter rate. I am quite sure that the minister is not too familiar with the geography of New Westminster-Burnaby and the city of Vancouver or we should have had such a drop letter rate long ago. One must understand that the whole area is a metropolitan area. It is entirely within a division known as the county of New Westminster. Therefore, I would urgently request the minister to give consideration to including New Westminster in the drop letter rate. As I understand it, south and north Burnaby and Vancouver come under one letter rate, namely the drop letter rate but because east Burnaby and Barnet and New Westminster are in separate postal divisions they have not that particular privilege. If the minister were just to come to the British Empire games in Vancouver this year he would be privileged at the same time to see that the whole thing is one large city. Of course each one is a separate entity but is anxious to be assured of a four-cent letter rate as far as postage is concerned between their various post offices.

Another question I have to ask is, when will letter carriers begin house-to-house deliveries in south Westminster and areas south of the Fraser river. The section has been enumerated for letter carrier purposes but up to date we have nothing very definite as to when the letter carriers are to start making deliveries.

One thing further is the justification for a federal building to house the post office. In the Whalley area we have a post office. We are paying approximately $6,000 a year rent for the post office and it serves a large area; but that is quite an expenditure expecially when you pay, in addition to $6,000 a year, another $300 and some odd to have it insulated so that the outside range of temperature does not disturb those inside too much. I would again urge the minister to come out and visit this particular region, and it is part of the whole suggestion that we have it included in one postal area. We have a post office and a new federal building to be erected in New Westminster, but we have rented a building at approximately $6,000 a year in the Whalley area. It is poor business to spend $6,000 a year for rent when we could probably build the same type of structure for about $20,000 or $25,000 and keep it as a national asset.

One other problem has arisen during the course of the year and this is one that touches not just my own riding but several others. The question I have in mind happens to be a post office and the appointment of a postmaster as well. In this case, as was suggested by the hon. member for Winnipeg North, patronage may be involved but I have

not checked the files to see and I am not interested in that at this time. What I am interested in is seeing that something is done to change the act. At the present time those who wish to become eligible for a job as postmaster in a certain area must all get their mail from that particular post office. To give hon. members a full picture of the situation I would like to give this illustration. We have a rural mail delivery throughout the whole of our area and within that area we have one small post office. Now there might only be 50 or 60 people being served with mail from that particular office. But if we require a new postmaster the government will have to send out a questionnaire requesting the names of those who would be willing to apply for that job. But those who are eligible are limited to the number of persons who receive their mail from that post office.

The whole area is surrounded by a postal route. None of the people get their mail from the post office because it comes from cities such as New Westminster. However, these people buy their stamps from the post office and yet they are not eligible to become postmaster or postmistress as the case might be. Certainly I believe there should be some change in the act, or some form of exception written into the act, which would allow these people to become eligible for this office. That is all I have to say, Mr. Chairman, and if I can have an answer to these few questions I will be quite delighted.

Mr. Nesbitt: Mr. Chairman, I just wish to take up a very few moments to bring to the attention of hon. members a subject which I have no doubt has been raised in this house on many previous occasions. I refer to certain tactics used by the Post Office Department, though I might add that department is by no means alone in adopting this procedure. I am sure most hon. members would agree that the tactics I am about to describe are discourteous to certain hon. members in this house and an affront to the people of the ridings which they represent.

As an example of this I would like to bring to the minister's attention a situation which arose in regard to a post office in my own riding, namely the post office at Beachville, Ontario. This post office is being built by a syndicate and not by the Department of Public Works, and a certain portion of the building is to be leased to the Post Office Department. The architects in the Department of Public Works approved the plans, and I might say, having had some dealings with the Department of Public Works in this matter, that I received every courtesy from the officials in that department. However, after the architects have approved the plans they go subsequently, I understand, to the treasury and the post office for approval, and approval, of course, is also given to the terms of lease.

Having spent some time on this problem I was very surprised, and I may say not very pleased, to note in the March 24 issue of the Woodstock *Sentinel Review* the following item:

> Clark Murray, former M.P. for Oxford, announced receipt of word from Ottawa that government approval had been granted to the proposal to erect a suitable building at Beachville to provide postal accommodation.

It may be all very well for the hon. member for Qu'Appelle to say, as he did a few moments ago, that the government after all is human and that we should forgive these little human failings, and wink an eye at them, but I would like to submit that such tactics, which I have heard referred to as "pork barrel politics of the 1890's" are a bit out of date nowadays.

Mr. Mang: I did not say "wink your eye at them".

Mr. Nesbitt: I apologize to the hon. member. But it is no excuse to get up and say that other governments have done this and therefore it must be all right. To perpetuate a wrong does not make it one bit better.

However, the Post Office Department is by no means alone in this regard and in order to make the Postmaster General feel a little better I would like to refer to one other item of much the same kind. I have here an extract from the London *Free Press* dated March 31, 1954 which refers to improvements to the Canadian National Railways station at Woodstock. I will not quote the entire article but it states in part:

> News that the C.N.R. station would be renovated was first announced here by Clark Murray, former M.P. for Oxford, who received word from the federal government late today.

Now, that is another example, and perhaps it will enable the Postmaster General to feel a little better and realize that it is not only his department which can be criticized in this regard.

An hon. Member: But his is the only department being run by Clark Murray.

Mr. Nesbitt: I would not wish to imply that the government have been doing something immoral, because the word "immoral" would imply that there was a certain code of ethics. I would rather say that this behaviour is unmoral and I am sure most of the senior ministers in the government are now aware of it. Certainly the Prime Minister, for whom everyone in this house has

the greatest respect, cannot possibly be aware of this for I am quite certain he would not countenance such behaviour if he were made aware of it.

In conclusion, Mr. Chairman, I do not think it is necessary to take up much more of the time of the committee in dealing with this matter, but I am sure we all know of the three letters LPP, sometimes meant to refer to the Labour-Progressive party, but I have heard them referred to as "Liberal, Post Office and Patronage."

Mr. Barnett: Mr. Chairman, if I may be permitted to take the minister's mind back to British Columbia for a few moments, I would like to assure him at the outset that the constituency I represent is not part of the county of New Westminster and I have no intention of suggesting that he extend this drop letter rate to include my territory as well.

If I recall correctly the very first problem with which I was called upon to deal after my election was a problem related to the Post Office Department, so I suppose in a sense that makes the department the most important one in the government as far as I am concerned, and I am quite sure the minister would be willing to agree with that. The particular problem to which I have referred had to do with the reduction in an air mail service which had been provided on the west coast of Vancouver island. It was a question of whether a mail service should be provided for that area on a thrice weekly basis, although the service had been reduced to less than that.

I think the minister will readily understand that people living in isolated communities on the west coast of an island such as Vancouver island, where they have no railway, no highways, and what they consider to be a very infrequent boat service, find it difficult to understand why the plane which was coming into their community three times per week could not at least carry their mail in and out of the island. It did not take me long to discover the reason for this reduction. However, I would like to assure the minister that the officials of his department in British Columbia were working out the best arrangement they could within the limits of the directives which came from a city known as Ottawa, with which I have since become a little better acquainted.

The reason why I am raising this matter at this time is to indicate that I was one of the members who were quite pleased when the Minister of Finance announced on December 8 that all first class mail would be carried by air if air carriage would speed delivery. I hope the minister is aware of the fact that Canada does not stop at Regina nor at the community mentioned by the hon. member for Qu'Appelle, nor at Vancouver. I rise at this time simply to express to the minister the hope that when I return to my constituency at the end of the session I shall be able to discover that the statement made by the Minister of Finance on December 8 last means exactly what it says and that this policy of carrying mail by air wherever that carriage will speed its delivery is going to apply to places on the west coast of Canada as well as to points between Vancouver and Montreal. I should like to feel that the minister and the officials of his department recognize that to people living in the more isolated communities, where in many cases no other practicable alternative means of carrying mail exists, it is as important, if not more so, that the fullest possible use should be made of all existing air services. I would even go so far as to venture to hope that the Post Office Department will take an interest, wherever it is possible and feasible, in stimulating the development of air service to the more remote parts of Canada as a means of improving the service the department can provide.

I think it is important to realize that one of the results of the existence of air travel, as far as areas like the west coast of British Columbia are concerned, has been a decrease in the frequency and quality of the steamer services available to many points and that, as a result, many communities today are getting a poorer mail service than they had 20 or 30 years ago. For that reason, as I previously stated, this announcement that all mail is to be carried by air if that move will speed its delivery is a most important one to the people living in the coastal areas of British Columbia at this time.

I have only one other matter on which I should like to say a few words before I sit down. I think I expressed myself on it once before when we were discussing some of the matters affecting the Post Office Department. I expressed some surprise at the rather unnecessary difficulty, as it appeared to me, the department was running into in connection with their personnel relationships. As I think the minister may recall, I mentioned the fact that I happen to have had some association with the organized trade union movement wherein we have developed, in our day to day dealings with the employers in the industry with which I was connected, quite a good working relationship on many matters. Some of the points which have been raised by members in various parts of the chamber as to the problems in the relationships between the employees of the postal

department and the department are rather startling to someone who has had experience with the kind of relationship which is an everyday matter in much of the industrial field today. I think this problem which has been mentioned in connection with supervisory letter carriers is one of them.

I know that seniority is always one of the more difficult matters to arrange, particularly when it comes to the question of leave. Without attempting to go into all the details, may I say this. On reading through the report of the arrangement that has been worked out here, may I say that it strikes me as being a rather topsy-turvy sort of arrangement where senior men are not going to have the opportunity to pick their holidays which their seniority would warrant. I think the crux of the matter is a point which has been raised on a number of occasions by spokesmen for the party to which I belong, namely, that the people who work in the civil service of Canada have not, so far, been allowed to have full bargaining rights as workers in industry understand those rights. I think it is a rather silly thing that members of parliament should have to stand up, in effect, to do the bargaining as bargaining agents for the civil service. That is a lot of nonsense. Those are things which those people who are employed should be able to bargain on directly with their employer, as is done by workers in other fields of endeavour in Canada. The very fact that circular letters addressed to members of parliament come from various branches of the civil service from time to time is, I think, an indication that the time has come when the people in the civil service of Canada should have the ordinary bargaining rights that are assured, by law in many cases, to other workers in Canada.

Mr. Leboe: I will not be more than a few minutes, Mr. Chairman; I can give you that assurance. There are only one or two questions that I have in mind. I do not think we need worry too much about the people wanting post office jobs in British Columbia because the wages are quite high over there, and I do not think they are too greatly interested. But there is one matter about which I should like to ask a question of and to receive an answer from the Postmaster General. It is in connection with the Edmonton-Prince George railroad post office. I believe that about the 26th of April a switch was going to be made and was called off at the last moment. Just in case it was called off only temporarily, I should like to get a few details as to just what it implied. It has been called to my attention—whether it is right or not, I do not know—that T.C.A. mail loadings have at times been so heavy that certain seats have been taken out of the aircraft in order to allow mail to be put on and, as a result, passengers have been unable to travel and to get space bookings. I do not know whether or not that is true but it has been one of the complaints that have come to my attention. I should just like to have the Postmaster General's comment on the matter.

There is one other matter that I should like to mention. We have the C.P.A. plane that leaves Vancouver in the morning and goes through Kamloops, Quesnel and Prince George and return. I understand that it does not carry mail. With the growth that there is in the interior at this time, it would seem to me that many people in the Kamloops area and also other communities in the central parts of British Columbia could well use that service. I understand that mail from Prince George that is going into Kamloops is carried by air from Prince George into Vancouver, and sent out at night on the Canadian Pacific railway train and into Kamloops that way, and vice versa to get back up to Prince George.

These are two or three of the things that I had in mind. I should also like the Postmaster General to comment on the Dawson Creek federal building. I understand it has been promised for a long time now, and since it is going to house the new post office I should like the minister to say something about it.

Mr. Cardiff: I do not wish to take up very much time, but there are a few things I should like to draw to the attention of the Postmaster General. I do not think it would be very difficult to criticize but I do not intend to criticize the Post Office Department because of the fact that in most places we are getting very good service. I wish to say a word or two about the rural mail couriers. Some little time ago, when an effort was made to increase their salaries, it was suggested that the route of a person who was complaining should be compared with two or three nearby routes. That may be all right, but perhaps the remuneration on those two or three other routes is too low too. In that case the poor fellow would not have a chance to get much of an increase. In several places this has been corrected but some of the couriers are still dissatisfied with the amount they got.

I should like to remind the Postmaster General of one particular case, that of Albert A. Gammie of Lucknow, Ontario. He got an increase but he did not think it was sufficient. Whether or not he has made representations to the Postmaster General since I do

not know. I did have the information as to the amount of the increase he received, and apparently it was not sufficient to satisfy him. I know of several others. I also know that quite a number of rural couriers who have not even put in an application for an increase are complaining that they are not getting enough money. I do not blame the Post Office Department entirely for that because of the fact that when these men were tendering they had the opportunity to tender high enough to give them a decent wage. The trouble is that they tendered low to get the contract and then, after finding that they could not carry out the contract as cheaply as they thought they could, they started to complain that they wanted more money. I think the Post Office Department has been very fair in a great many of these cases but there are still a few that I hope the department will take note of and correct if possible.

I should like to say a word about postmasters. I want to congratulate the postmasters in my entire riding. I have not had a complaint about a postmaster in my riding since I first came into office. I think that is a credit to them. The postmaster is one of the most important men in any community because he probably knows more about the people in the community than any other one man. If he is doing his job properly he has a lot of friends. I can remember the postmaster we had in our own town some years ago. Looking back over the years I would not complain about him now as I would have then. He was a man who was getting on in years. He was over 70 years of age and possibly a little irritable. He stuck strictly to the law. If the post office was supposed to be closed at a certain minute he would close it right in your face and would not give you your mail. There are not very many of them like that. I have not heard any complaints about any postmasters in my riding. I think they are giving a wonderful service.

I should like to say a word about extending mail routes. The postage rate was increased to five cents and I am sure many people are perfectly satisfied with the five cent air mail service. However, we find that many people on the back concessions have to go a considerable distance to get their mail. I think that perhaps the requirement of four boxes to the mile is too many, and these people deserve consideration just the same as others. I think it should be lowered to two to the mile. It would be a wonderful thing for some of these people living on the back concessions to be able to get their mail at their gates. The roads are all open now in the wintertime. It is very seldom that a road is blocked for any considerable length of time, and there is no difficulty in getting down the back roads. I suggest to the Postmaster General that perhaps consideration could be given to lowering the number to the mile in future.

Then there is a matter which I took up with the Postmaster General some time ago but so far I have not heard anything about it. I have a letter from the town clerk of the town of Exeter which reads as follows:

> Please find enclosed letter to the Postmaster General which is self-explanatory. The members of the town council would appreciate anything you can do to help in this matter.

I am going to read the letter that was sent to the Postmaster General. It is dated January 21, 1954 and reads as follows:

> I have been instructed by the town council of Exeter to bring to your attention the gross inadequacy of the accommodation provided by the post office building here. The building was constructed in 1928 when Exeter was a village of 1,600 and postal facilities were not used as extensively as they are today. Since then the town has grown to over 2,600 and has become the shopping centre of an ever-increasing area.
>
> As far as the public is concerned, the lobby is far too small and the number of private boxes available does not begin to supply the demand. At least every mail the place is so crowded that it is impossible to carry on business properly. Many persons go to the door and turn away to come back later. It is also evident that the working space for the staff is much too small.
>
> Fortunately, there is space for enlarging the building. The town council request that action be taken as quickly as possible to alleviate the present unsatisfactory condition and to make Exeter post office a building of which the Post Office Department and the town may be proud.

I might tell the Postmaster General that I visited that post office. It is a building that has not been up very long and there is plenty of space behind it on which to erect an extension. I do not think there is anything in the estimates this year to take care of it, but I hope that the Postmaster General will take the matter into consideration and that conditions there will be corrected. It is a flourishing town and a lot of business is done. I had a report as to the increase in the volume of business. It has almost doubled in the last few years, and I think they are deserving of some consideration. I believe that is all I have to say. I do not know whether the Postmaster General has any report on the findings at Exeter, but if he has I hope he will tell me about it when he replies. If not, I would be glad to get the information as soon as possible.

Mr. Ellis: The hon. member for Oxford directed the attention of the minister to an incident in his own locality. Just in case the minister may think that is an isolated example, I should like to say at this time that some time last fall an item appeared in the

Regina *Leader-Post* to the effect that mail delivery service was to be commenced in a new area of the city. This announcement was made by the defeated Liberal candidate in the last election, and the item contained the information that he had received word about this move from the Postmaster General. I do not know the source of the former member's information but I was not worried about it. I do not believe that sort of thing does a defeated candidate any good, but I do believe it is discourteous. I do not know whether or not that is the policy of the department, but when the minister replies I should like him to comment on the suggestions brought up by one or two other members, and tell us whether it is the intention of the Post Office Department to continue having announcements of this kind made by ex-M.P.'s or defeated Liberal candidates.

Mr. Argue: A new conception of democracy.

The Deputy Chairman: Shall the item carry?

Mr. Nicholson: I believe there are quite a number of questions the minister should answer.

Mr. Harris: Why not carry the item and get the answers later?

An hon. Member: Oh, no.

Mr. Argue: Then somebody would rise on a point of order.

Mr. Cote: First of all I want to thank those hon. members who have contributed to the debate. Some were most complimentary in their remarks while others had a lighter form of speech, though the tone was very cheerful. I shall not attempt to answer all the questions. Some of those that I cannot answer now I shall study, but I shall try to answer as many questions as possible.

The hon. member for Hamilton West spoke of two deliveries a day. I have made several statements about this, and my views have not changed. I hope that sooner or later we will be able to return to two deliveries a day, but I shall ask hon. members to bear in mind that it would cost at least, if not more than, $6 million. I repeat what I have already said on this subject, that I hope sooner or later we will be in a position to return to two deliveries. However, that time has not yet arrived. In the meantime we are making whatever improvements are possible. Some hon. members appreciate the fact we are already giving two deliveries a day in the business centres. On the other hand, some of the members said that we should not give two deliveries a day in the cities before we give at least one delivery a day in the rural areas.

[Mr. Ellis.]

Not only this question, but the whole postal problem, is a very complicated affair. I wish all hon. members would take the opportunity of visiting not only their own post office, but also the post offices in the larger centres. They will see then how complicated the problem is. They will probably ascertain that the department is doing all it can to settle the problem. At the same time hon. members should keep in mind that those who participate in the postal administration are human beings. Out of a possible 100 per cent, 99 per cent of the service provided is very good. We do not hear any criticism of that service. We are bound to listen to complaints about the remaining one per cent of the service. We understand that. I do not want to avoid criticism. On the contrary I invite constructive criticism, that kind of criticism that will keep us alert and enable us to ascertain the errors. I believe hon. members will find that out of a possible 100 per cent our average is very high, and the errors are limited to not more than one per cent.

The hon. member for Hamilton West mentioned the price of printed postcards. She made some suggestions, and I was glad to receive them. I do not know how far I can go eventually in correcting the situation, if correction is feasible, but I shall carefully read in detail the suggestions made and will make the necessary inquiries. She also brought up the subject of newspapers shipped by air. Newspapers are shipped by air, but not through the mail. They are carried as air cargo by the transportation companies. I mean we transfer only first class mail and parcel post by air, but it is possible that the transportation companies carry newspapers as air cargo.

Then there was the question of the supervisory mail carrier mentioned by the hon. member for Hamilton West. This seems to be a question of title, either "supervisory" or "relief". These men perform more difficult duties than the regular letter carrier who is assigned to only one walk. My hon. friend seemed to suggest these supervisory carriers should not be paid for this added responsibility. The positions were advertised and anyone could apply. Only where the senior man did not apply did we appoint a junior man. I am sure my hon. friend would not suggest that we should have delayed the implementation of the 40-hour week until all these positions were filled by senior men. I do not want to deal with that at any length, because I think every member knows about it. The job had to be done, and whenever it was possible to have a senior man do the job we did not ask for more than that.

In some offices the senior men did not apply for the job, but the job had to be done even if the senior men did not want to do that work. In some instances a supervisory or relief man has to learn five or ten routes, whereas the ordinary man has to learn only one route. It is a more laborious job and in those instances where the senior men did not want the job the junior men had to be appointed.

Mr. Knowles: Can the Postmaster General tell us at this point what the present arrangement is as between supervisory letter carriers and regular letter carriers with respect to the taking of holiday leave?

Mr. Cote: If my recollection is correct, I believe the relief man has the privilege of taking his annual leave first.

Mr. Knowles: In all cases?

Mr. Cote: No, only where we did not get enough men.

Mr. Knowles: But within a group of thirteen, I believe it is, the supervisory letter carrier gets first choice even though there may be regular letter carriers in the same group with many more years of service?

Mr. Cote: I do not know if I have made myself understood. What I meant to say was, where it was possible to find senior men to do the job we did so. When a senior man applied, there was no question of priority. It was only when we had to employ junior men.

Mr. Knowles: I wonder whether the Postmaster General understands the point about which we are concerned. We are not discussing the pay differential. We understand there is a pay differential, and for my part it is justified. But the grievance some of the senior men have is that men who are new in the service, because they took on this more arduous work, not only get a pay differential but also get priority in the matter of holidays. Those who have expressed this grievance have suggested the pay differential should be sufficient so you do not have to deprive the senior men of first choice as to holiday leave.

Mr. Cote: In 86 centres there was no need to grant priority, there was no change; it was only in 26 offices that we had to grant this incentive in order to get men to do the work. Otherwise we would not have been able to get the job done. I think that summarizes the situation.

Mr. Knowles: You are relying upon the vacation leave priority as an inducement rather than trying to attract these people with higher pay?

Mr. Cote: Exactly, because in these circumstances none of the senior men would do the job. The first offer was made to the senior men. As I say, there were no changes in 86 centres.

Mr. Knowles: Does the Postmaster General not realize that in effect the senior men who did not want to undertake this more arduous work are being penalized for failing to do it by losing the priority they had with respect to vacations?

Mr. Cote: In a sense, yes, but we had to implement this 40-hour week and there was no other way to do it.

Mr. Knowles: You could have paid them more.

Mr. Cote: We did pay them more.

Mr. Knowles: You could have made the pay differential sufficient instead of penalizing the senior men in respect to priority for holiday leave. I am sure that the Postmaster General realizes that in the 26 centres he refers to this grievance is very real.

Mr. Cote: It was not the intention to penalize any man in the service. We had to employ new men to do the job; that was the only way we could get it done.

Mr. Knowles: They do not think so.

Mr. Cote: If the senior men would not do the job who else could we employ?

Mr. Knowles: Why penalize the senior men?

Mr. Cote: The term "penalize" is employed by my hon. friend. We did not have any intention to do that. We do not think we have penalized anybody. We were faced with the fact that we had to implement the 40-hour week and to do that we had to employ these people as relief men. It was done in 86 centres without any change being made. In 26 offices the senior men did not accept. There was no question of going over the senior men, but somebody had to do the job. Since they did not want to do that job, we had to employ other people.

Mr. MacInnis: Mr. Chairman, was this matter discussed by the senior officials with the representatives of the men's association? I do not think a matter of this kind should be brought up here until an effort has been made to arrive at an understanding with the officials of the association. I am not blaming the hon. member for Winnipeg North Centre for raising it as he has had correspondence on this the same as I have had. However, I think it would have obviated discussion here if the department had followed the practice that is followed in industry where matters of this kind are discussed by the administrative

officers of a company and the representatives of the men. If that had been done here perhaps a satisfactory solution could have been arrived at. If it was not done, I suggest that it should be done.

Mr. Knowles: It was done unilaterally.

Mr. MacInnis: That is not the way to do it; it should be done through the accredited representatives of the association. If it was not done, it should still be done in order to give the men a feeling that no one is being unjustly discriminated against for one reason or another. I appreciate that sometimes seniority must be disregarded in promotions and matters of that kind which depend upon fitness and a lot of other things, but where all things are equal then seniority should apply. As I said before, this is a regular practice in industry where the men are organized.

Mr. Cote: In answer to my hon. friend may I say that this question was discussed by my officials with the representatives of the unions and the situation was explained to them at the time.

The hon. member for Hamilton West referred to the Woods-Gordon report. This report has practically been implemented in toto or is in the course of implementation, although there are two or three items still in abeyance. The first is the recommendation in regard to the discontinuance of the savings bank, and the second is the suggestion that we could save $200,000 in Toronto alone. It has been decided not to make any change at this time so far as the savings bank is concerned.

With regard to the possible saving at Toronto, I think I should report here that it was not possible nor practical to implement the recommendation in that regard. This was a theoretical suggestion that was made but in practice it is not possible to implement it. It was indicated that a saving of $200,000 a year could be made in Toronto alone. According to the Woods-Gordon report that saving could be made by substituting belt sortation for the present facing-up and primary sortation.

The idea is not new. It has been tried by many postal administrations and discarded. We built a prototype machine twenty-five years ago and ran a lengthy experiment before coming to the conclusion that it was not practical. It was inevitable that the Woods-Gordon report would contain such a recommendation; in theory it is admirable, but it does not work in actual practice. However, we are still keeping an open mind on the subject in case there is some feature or gadget which we have overlooked and which would make this scheme practical. So far this has not materialized.

The hon. member for Saskatoon referred to the lower rate of payment for smaller offices. The duties and responsibilities of a small office are not as difficult as those of a larger office. In a city the size of Toronto a sorter must memorize the boundaries of 600 carriers. Compare that with the work of a sorter in an office where there are only ten or a dozen carriers. The rates are determined by the civil service commission.

The hon. member for Macleod made similar remarks about the revenue postmasters. I have every sympathy with these people, and may I say that the salaries of people in this class were increased recently. We are now considering some other method of payment. I think the hon. member for Huron North also asked about the method of payment of revenue postmasters. They are now paid out of revenue. For at least ten or twelve months we have been working on a new method of payment on a unit of work basis and we hope that eventually we will be in a position to more adequately pay these public servants.

The hon. member for Macleod referred to revenues. There is an indication that there will be an increase of revenue, but it is too soon to make a positive statement in that regard.

With regard to public buildings, we now have about 300 recommendations before the Department of Public Works. We base our recommendation upon the need for postal service accommodation, and we make our recommendation accordingly to the Minister of Public Works. Naturally the Minister of Public Works has other features to consider and he decides on the priority to be given. We do not make a recommendation for the erection of a public building for postal services unless the revenue is at least $10,000 per annum.

The hon. member for Vancouver South asked about the colour of the stamps and if there was a regulation that the stamps must be blue or red. There was an international regulation that the postage stamp for unit letter rate should be red. This must not be confused, however, with the domestic unit letter rate. We feel that the present five-cent stamp is attractive, both as to design and colour.

The hon. member for Mackenzie brought up a point similar to the one raised by the hon. member for Winnipeg North. As a matter of fact, it is the same point which was dramatized by the hon. member for

Winnipeg North. For many years we have asked the advice of many people, including the Legion, the defeated candidates, members of parliament and others. It is nothing new.

Mr. Stewart (Winnipeg North): Opposition members?

Mr. Cote: Members of parliament and residents of the localities.

Mr. Stewart (Winnipeg North): Opposition members of parliament?

Mr. Cote: Oh, yes. My hon. friend himself even quoted a letter which I wrote to him.

Mr. Stewart (Winnipeg North): I have never been asked at any time to commend to the department a certain individual. These form letters do not come to opposition members of parliament; they may come to members of parliament but not opposition members.

Mr. Cote: Maybe the form of the letter could be written otherwise, but these letters are sent to people in the field, in the locality where we are seeking information, because they are presumed to know better than anybody else. A member of parliament makes recommendations, but, as I said before, there is a lot of difference between suggestions, recommendations and appointments. I can assure my hon. friend that after the information is obtained we make the appointment only after an objective inquiry.

Mr. Nicholson: When the postmaster at Endeavour, for example, is asked to resign how does Mr. Underwood—and I should say that I appreciate the outstanding work that Mr. Underwood has done for many years; he has been very helpful—happen to know that Ross Barrie at Pelly should be the person who could tell him who a good postmaster at Endeavour, 70 miles away, would be. How does Mr. Underwood or Mr. MacNabb, the one who is featured in the correspondence of the hon. member for Winnipeg North, write to Mr. Taraska in Winnipeg. How did he happen to pick out these names?

Mr. Cote: My hon. friend talks about a case of 1943, ten years ago. He gave some lengthy explanations about it.

Mr. Nicholson: Three months ago.

Mr. Cote: My hon. friend opposite knows that I do not know of the details. He mentioned Mr. Underwood. I do not know the details of this case, but as far as the information—

Mr. Knowles: Does the minister know Taraska?

Mr. Cote: I do not know Taraska. I did not mention the name; it was brought up by my hon. friend. I presume that Mr. Taraska is quite a good person.

Mr. Knowles: He is a good Liberal.

Mr. Cote: I do not know Taraska. I know hardly anybody mentioned by my hon. friend. But again this is given only as a suggestion or information. I do not think my hon. friends opposite would deny that a member of parliament and even a defeated candidate is in a position to do that. I remember it was mentioned a few minutes ago that a defeated candidate in Ontario was trying to get credit for postal accommodation that had been provided. I think it was the hon. member for Oxford who said that. Well, I hope my hon. friends will not hold me responsible for anybody in the country trying to get credit for postal accommodation in the country. It is quite natural.

I also remember that many, if I may use the word again, recommendations have been made by my hon. friends opposite in many instances, and I have always considered those recommendations as a natural thing coming from members of parliament.

Mr. Nesbitt: My only objection was not to his making the announcement but receiving the information before the duly-elected member did.

Mr. Cote: I do not know anything about that.

Mr. Nicholson: Before we leave this—

The Deputy Chairman: Order. Perhaps it is time to point out to the committee that actually the Postmaster General has the floor and should be interrupted only with his consent. At the same time I think the committee is of the opinion that if we finish one feature of the Postmaster General's reply before going on to the next, perhaps it would be more expeditious in the long run. However, I must ask hon. members to observe the fact that the Postmaster General has the floor and is to be interrupted only with his consent.

Mr. Nicholson: Before he finishes my point, and we are just about through, I think the case that I discussed would indicate that it is a real handicap for the staff of the Postmaster General to have to go through the procedure that I outlined that prevailed ten years ago, and that outlined by the hon. member for Winnipeg North, which indicates it still prevails. My case briefly was that the inspector made a decision on the spot, and after seventeen letters were written by a very prominent public servant here in Ottawa, the decision

made by the inspector was finally maintained. In the year 1953 I think the Postmaster General should agree to give the responsible people in the field the right to make the decision, to canvass the Legion and local organizations that have the information rather than to ask Mr. Barrie to travel 70 miles back and forth and burn up all the energy he had to burn up and make so many bad friends.

Mr. Cote: The hon. member for Eglinton also talked about two deliveries a day. I have already dealt with this subject. As regards the specific complaints made, I would appreciate it if he would be good enough to give me the covers and I shall have the necessary inquiries made. In this regard, I wish to make the following statement about delay, and again I want to stress the point that the work done in the postal department is done by human beings.

There have been quite a number of complaints during a short while back in regard to delays in mail particularly between Toronto, Montreal and Ottawa. We are doing all we can to eliminate these delays, and wherever practicable are using planes for the carriage of mail instead of the trains so as to give more time for handling at the post office of destination.

There is no doubt that some of the delays are due to mishandlings and errors on the part of employees. It is not possible entirely to eliminate the human element, especially when they are working at high speed. For example, in Toronto we handle approximately one and a half million items daily between five in the evening and ten o'clock. I repeat, one and a half million items between five in the evening and ten o'clock. These items are handled by over 1,000 men and it is very difficult, if not impossible, to place responsibility in all cases. We have a group of officials especially assigned to study this problem and to make whatever improvements we can.

The period of time during which we must handle this great volume of mail is restricted on one hand by the time of mailing and on the other by the time and departure of planes and trains. Naturally the transportation companies do not run their trains to suit the Post Office Department. They determine the times, generally speaking, in the interests of the travelling public. We are not particularly objecting to this, but it does intensify our problem. The situation would be greatly eased if the business and commercial concerns in Toronto, Montreal and other large points would spread their mailings during the day instead of concentrating everything just after five o'clock at night. If it is impossible to handle the mails in time to catch the planes, then obviously delays take place.

I might mention particularly the question of mails between Toronto and Ottawa. If we can get it sorted in time to catch the evening plane out of Toronto, then it will arrive in Ottawa in time to be sorted by the letter carriers for delivery the next morning. On the other hand, if on account of the terrific volume and the restricted period available for sorting and handling, we cannot make the plane and have to send the mail by trains it means that the mails cannot be delivered on the first delivery as the train does not arrive in Ottawa in time to permit the mails to be processed through the Ottawa post office and routed by the carriers. There are many cases in which the mails cannot be delivered by carrier until the following day.

We have that kind of situation in Toronto and Ottawa and elsewhere, and I can assure hon. members that we are doing everything we can to improve the service and I believe we are achieving some results. There will, of course, always be delays due to the human element which we are not entirely able to prevent. I can quite understand the annoyance of the patrons if a letter is delayed, even though that may only happen on occasions. The public can help, of course. They sometimes create delays by holding their mail until the peak load period at night. Mailing early and often will undoubtedly assist the Post Office Department in dealing with this problem. We are as much if not more interested than the public in improving the service and we are making every effort to do so.

My hon. friend indicated that the drop letter rate of postage did not apply between Toronto and Willowdale. I must say this is not correct. I would refer him to the statement I made in this house on March 29 which appears at page 3413 of *Hansard*.

The hon. member for Burnaby-Coquitlam, as well as the hon. member for Burnaby-Richmond, raised the question of postal services to Burnaby. I understand that what they have in mind is the erection of a public building, and the dividing of Burnaby into postal districts, these districts to be numbered Burnaby 1, 2, 3 and 4. I can assure my hon. friends that I will look into the first question with my colleague, the Minister of Public Works.

As regards the question of delivery, this also will be given consideration but I want to warn my hon. friends that this is not a new procedure. We have endeavoured to introduce a similar arrangement at other points but with indifferent success. Toronto

has been zoned for many years and we have spent a great deal on publicity, though at the present time not more than 20 per cent of the mail bears the zone number in Toronto.

In Burnaby the indication is that it is imperative. One portion of the mail is handled through Vancouver and another portion handled through New Westminster. Unless this designation is shown there are bound to be delays. However, I will look again into this matter though I want my hon. friends to fully understand the implication of their suggested change. There is another point which must not be overlooked. If the change involves an independent postal area apart from Vancouver, then the drop letter rate between Burnaby and Vancouver, and vice versa, will no longer apply.

The hon. member for Royal brought up the question of the service in the rural areas. At the present time I am more in sympathy with my hon. friend from Royal in regard to the frequency of the service in rural areas than in the re-establishment of two deliveries in the residential section of urban centres. In this connection let me point out that our estimate for land mail service includes $1,500,000 for improvements in service, in addition to the $1,500,000 for adjustment in rates of pay.

As regards a public building for Rothesay, as my hon. friend is aware there is an item of $30,000 in this year's estimates.

Mr. Montgomery: Did the minister say that was the hon. member for Royal?

Mr. Cote: Yes.

Mr. Montgomery: That should be the hon. member for Victoria-Carleton.

Mr. Cote: I am sorry. I am glad the hon. member has corrected me. The hon. member for Okanagan-Revelstoke brought up the subject of a public building at Vernon. I might say that an item of $25,000 for that project is in the estimates. The hon. member for Brandon-Souris mentioned the problem of the decrease in the number of rural routes in the west, while there is a general increase all over the country. The discontinuance of service on the rural routes does create a problem but it has been noted that in most of these cases the patrons are going to the cities, or using the facilities of other post offices. But the hon. member may rest assured that every case will be examined on its merits and that we are trying to maintain the service at the highest possible level commensurate with our financial obligations.

Mr. Dinsdale: Could the minister indicate how many routes have been discontinued in the prairie provinces over the past two years, and in what places they have been discontinued?

Mr. Cote: I am sorry but I have not that information available at the moment because some of these routes have been readjusted. But I will be glad to look into this matter and if I have not the time to tell him before the end of the discussion on the estimates I will give him this information personally.

The hon. member for Kootenay West mentioned mail services and I can assure him that these services will be looked into. As regards the building at Trail, the information I have is that expropriation procedure is under way and final plans have been approved.

As far as the hon. member for Edmonton East is concerned, I am sorry to say that I am not familiar with the situation at Beverly but I will look into this matter.

(Translation):

The hon. member for Chicoutimi (Mr. Gagnon) mentioned the proposed post office at Chicoutimi. It is true that this project is under consideration and that an item has been placed in the departmental estimates for that purpose in order to ensure that it be proceeded with. My hon. friend knows, however, that there has been considerable expansion in his district. Quite recently I received a delegation from Port Alfred, I think, where there is a similar problem. As far as the Chicoutimi project is concerned, I do not remember whether the plan called for a building to accommodate various federal departments or whether it was only to be a postal station. I know that we had to revise this project and hold it back for further study. I will look further into the matter and will be glad to give more detailed information to the hon. member. I must add that the project has not been abandoned but that it is simply under further consideration.

(Text):

The hon. member for Victoria-Carleton—am I right this time?

Mr. Montgomery: Yes.

Mr. Cote: The hon. member brought up the question of a building at Plaster Rock and I am pleased to inform him that there is an amount in the estimates this year of $25,000. The site has been approved and so also have the plans. As far as the Glassville services are concerned, I am sorry I have no information available at the moment. But I will be glad to look into the matter.

The hon. members for New Westminster, Oxford and Comox-Alberni brought up several subjects, one of them being a question of mail service, though I cannot remember the name. However, in all these cases I will be glad to look into the matter further. I have no information here and when it is available I will be glad to pass it on to my hon. friends.

Again I must say this that the Post Office Department does not like to be the object of excessive criticism, though we are always very glad to receive constructive criticism. There might be some cases where we are entirely at fault, but there are many cases where those who complain have contributed to a certain extent. We want the co-operation of the public. We ask for that co-operation and I do not lose any opportunity to tell, not only my officials but the employees of the department whom I meet at postal conventions, that we are civil servants and we must give good service.

But this service that is given is subject to human frailty and there is always the possibility of errors; however, we are trying to keep those errors to a minimum. As far as the policy of the department is concerned, may I say that everything cannot be done in one day. I have talked about the Woods-Gordon report. We are actually in the process of implementing the recommendations contained in that report. We are decentralizing. We are setting up what we call area superintendents. We therefore think it is apparent that, when the report is completely implemented the men in the region on the spot will be in a better position, not only to correct errors but to prevent them. We are sure that eventually the service will continue to improve. That is the main objective, not only of the department but of every member of the committee.

Mr. Cardiff: Can the minister tell me whether his officials have made any survey yet of the Exeter post office?

Mr. Cote: All over the country?

Mr. Cardiff: No; the Exeter post office.

Mr. Cote: Yes. It has been referred to the Department of Public Works with our recommendation.

Mr. Stewart (Winnipeg North): The minister said a few words which I should like to have clarified. My quarrel with the minister is not over the professional post office which I think is doing a good job of work; my quarrel is with the political post office. When the minister rises in his place in the House of Commons and tells us that members of parliament are told about vacancies in sub-post offices and that these members of parliament know all about it, may I say that I do not think it is true of opposition members of parliament. I do not want it to be true. Quite frankly, may I say that I want to have nothing at all to do with it. I think the postal officials are far better qualified than am I to decide who should be a sub-postmaster or where the locality should be. My hon. friend said that great numbers of letters were sent out. That is quite true. But those letters are decidedly different. There are two types of letters sent to my constituency; and if they are sent to my constituency, I assume they are sent to others. They are form letters sent by the director of operations. The one type is that which is sent to the Canadian Legion in language which is as follows:

Dear Sir:

There is a vacancy at the above-named post office and as the appointment comes under the control of the department, the necessary steps are being taken to appoint a new postmaster.

At the request of the Postmaster General, I am bringing the matter to your notice in case any member of your organization who is a patron of the vacant office should care to submit his application. Anyone desirous of applying for the position should submit his application to the department at the earliest possible moment.

I have no quarrel at all with that sort of form letter which is sent out to responsible officers of the Legion because I think ex-servicemen should always be given consideration. My quarrel is with the other type of letter which, as I said earlier, apparently is sent to only a select group; and it reads like this:

Dear Sir:

In previous correspondence the department asked for your recommendation of a suitable person for permanent appointment as postmaster . . .

The position I take is this. In Winnipeg the postal officials know much better than does anyone else, whether he is a successful politician or a broken-down politician, where the sub-post office should be and who the sub-postmaster should be. I should be extremely happy to leave this matter entirely to the post office. I have seen them at work before and I have no quarrel at all with them as a professional group. I think they are doing an excellent job. I think what is hurting the post office—and what in the long run hurts any political party—is the animosity which is aroused through this form of patronage. Earlier today I said that those who were appointed through patronage were probably just as good sub-postmasters as were others. I have no quarrel with them; my quarrel is with the system. It is a system which I think is bad and one which I maintain should be eradicated. I should like to know whether the minister can tell me precisely to whom this second type of letter is sent. I refer to the letter which asked for

the recommendation of a suitable person. To whom is this form letter sent?

Mr. Cote: I would ask the hon. member to excuse me; I was talking to the messenger.

Mr. Stewart (Winnipeg North): The second letter I read was a form letter sent to certain individuals asking for their recommendation as to the appointment of a sub-postmaster. The question I was asking was this. To whom precisely is this letter sent? My hon. friend will recall that earlier this evening he said that I had written. That is quite true. I have written to the post office on several occasions about the location and the type of man who should be in the sub-post office. The minister has acknowledged my letter. That is also quite true. But this is a form letter sent out by the director of operations. Perhaps the minister knows nothing at all about it, but it is to an individual asking for his recommendation or nomination of the sub-postmaster. My contention is that the post office can do a better job there than can be done by the recommendation of an individual. What I want to know is this. To whom is this sort of form letter sent?

Mr. Cote: It is sent to members, defeated candidates, the Legion or other people in the field who we think could give us information about proper candidates.

Mr. Stewart (Winnipeg North): May I correct the minister there. I do not think this sort of letter is sent to the Legion. There is a form letter that is sent to the Legion.

Mr. Cote: My hon. friend has asked me a question and now he is telling me the answer to his question. I think he at least should take my word for it.

Mr. Stewart (Winnipeg North): I am prepared to take the minister's word; but I have a return here and in it there is no such letter sent to the Legion. There is one sent to the Legion with which I do not quarrel. There is another type which asks for nominations. That is not so with regard to the type of letter sent to the Legion. If the minister tells me this is sent to defeated candidates—and may I say that we know that is so—may I ask this question? Does he think it is a good idea?

Mr. Cote: I will study the matter.

Mr. Goode: Mr. Chairman, I should like to say something with regard to this matter. I have never known of an occasion of the change of a sub-post office in my riding or of the establishment of a new one when the Legion has not been notified and has not received from the Postmaster General an invitation for a recommendation.

Mr. Hahn: One question I asked the minister to answer and in which I was particularly interested has also been raised in this particular letter to the Legion and the point that the hon. member for Burnaby-Richmond raised, namely that the Legion receives this form of letter. It was the response to one of these letters, and the wording of it, that made it so difficult for the legionnaire, in the instance to which I referred, to apply for the post. The question I raised earlier was this: Was any consideration given, or could any consideration be given to allowing those people on rural routes who are not patrons of the post office to be eligible for the position?

Mr. Cote: I will look into the matter.

Mr. Hahn: Would the minister care to answer that question now?

Mr. Cote: I am informed that it applies to rural routes, depending on the post office in question.

Mr. Hahn: That is the point. I was wondering whether the minister would contemplate changing that particular act in order to make it possible for the legionnaires and other people who are on that rural route but who do not receive their mail from that post office, even though they might get their stamps, money orders and so on from the office, to be eligible for appointment. The point in question happens to be a post office in my own riding. The Legion was notified and they have that difficulty. No one was eligible.

Mr. Cote: I am not familiar with the case my hon. friend is talking about, but if he will write to me giving details I will be glad to look into the matter.

Mr. Gillis: I should like to ask the minister two questions about letters that I wrote him. I carried on some correspondence with him in February of this year at the request of the New Waterford board of trade with respect to an extension and improvements to the post office in that area. The last correspondence I had from the minister indicated that the matter was under consideration, and I should like to know whether he can bring me up to date. On February 5 I also wrote the minister about the possibilities of establishing rural mail delivery at Westmount, Nova Scotia, at the request of a co-operative housing group. I wrote the minister on February 5 and I never received an answer.

Mr. Cote: I am sorry. Did you not receive an acknowledgment of the letter at least?

Mr. Gillis: No, it is neglect on your secretary's part.

Mr. Cote: I will look into the matter.

Mr. Gillis: I should like to be brought up to date on these two matters if it is possible for the minister to do so.

Mr. Cote: I see that the only information with respect to New Waterford is that we are actually considering an addition there. I am sorry I have not got the information about the Westmount rural route, but I have taken a special note about that and will let my hon. friend know.

Item agreed to.

342. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, also including administration; and including, notwithstanding section 16 of the Civil Service Act, payment, in such amount or amounts as may be approved from time to time by the treasury board, to civil servants who are hired as casual employees, $76,007,630.

Mr. Knowles: Before this item carries, I should like to say a word. As a matter of fact, this is the largest item in the minister's estimates, and the details make it clear that it covers some 20,354 employees. That is quite a large staff, and I agree with those who have already paid tribute to the very efficient work that is done by this very large band of faithful public employees. I think too that the Postmaster General was quite justified tonight in calling attention to the complicated nature of the process of handling mail, illustrating it as he did by the example of what goes on in a large city like Toronto between five o'clock and ten o'clock in the evening.

The reason I rise on this item and refer to this large group of workers is to stress something about which I feel very strongly, namely, that while this also applies to a smaller group as well, when you get a large group of workers such as that in the minister's department, labour relations become extremely important. I am ready to give the minister every bouquet and compliment that is coming to him and to his department, but I must say that the labour relations in his department do leave considerable room for improvement. We have already discussed tonight one other issue, and during that discussion my colleague, the hon. member for Vancouver-Kingsway, expressed the view, with which I agree, that it is unfortunate that we should be in the position of having to raise these matters on the floor of parliament. It should be possible for such matters to be settled between the recognized representatives of the employees and the management.

Sometimes I think it might be a good idea if the Postmaster General were to invite his colleague, the Minister of Labour, to send to his department some of his labour-management co-operation experts. I have in mind the sort of letter that comes back to associations of employees when they have written to the deputy postmaster general setting out a grievance. Here is a letter dated March 10, 1954, signed by W. J. Turnbull, deputy postmaster general, which is contained in sessional paper No. 94-G, tabled in the house on Monday, May 3, 1954. It has to do with another thorny question, that of the night differential. It is a matter which I think could have been negotiated. It seems to me that the case the men put up was a valid one. Maybe there is something to be said on the other side; maybe a compromise could have been effected. But after stating that it was the intention of the department to stand by the decision that had been taken, the deputy postmaster general concluded this letter by saying:

> I have no wish to tell you how to run your own affairs, but my observation is that the sympathy and patience of the public towards operating service employees is rapidly running out. We intend to establish a 40-hour week for all and could very well drop the idea of any night differential.
>
> Yours sincerely,
> W. J. Turnbull,
> Deputy Postmaster General

I suggest to the Postmaster General that that is an example of very poor labour relations.

Mr. MacInnis: Hear, hear.

Mr. Knowles: In this same file which I have in my hand—it is not as voluminous as the one my colleague, the hon. member for Winnipeg North, had but it is a rather unfortunate one—there are other letters similar in tone. I suggest to the Postmaster General that he take seriously the point that was made a while ago by the hon. member for Vancouver-Kingsway and that he do his best to establish the kind of labour relations in his department with this band of over 20,000 employees that will make it unnecessary for us to bring up these labour matters on the floor of parliament. These 20,000 employees are good, faithful public servants. They have chosen their own organizations. They have elected their representatives. There are good men on the management side, on the government side, and there is no reason why they could not sit down and bargain in good faith, not in the one-sided way set out in that kind of letter, but in good faith. In that way they could work out the best of relations. I may be speaking pretty strongly, but I am interested in the response

the Postmaster General is making to our pleas, and I hope he will do something about this very important matter.

Mr. MacInnis: Before we adjourn, may I add a word to what the hon. member for Winnipeg North Centre has said in addition to what I said before. Like almost every other member of parliament, I presume, I get letters from associations such as the letter carriers association and others, and I invariably reply to them that the matter they refer to is one that they should settle in discussions between the administrative officers of the department and the association. This is an age when workers' organizations are and must be recognized, and such matters as this have no place here at all. It is extremely unfortunate that they should be brought up here but they will be as long as shortsighted people in important positions do not understand the needs and feelings of those who perhaps do the menial jobs in our public service.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday we shall move to go into supply, and then a motion for ways and means. If we succeed in doing that we shall call the budget resolutions and then proceed with legislation in the following order: The resolution in the name of the Minister of Finance with respect to crown corporations; the house in committee again on the Vocational Training Co-ordination Act; second reading of the Canadian National Railways bill; second reading of the act to amend the Department of Transport Act; second reading of the act to amend the Opium and Narcotic Drug Act, and the resolution in the name of the Minister of National Health and Welfare.

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

[The following item was passed in committee of supply]:

POST OFFICE DEPARTMENT

341. Departmental administration, $1,316,383.

HOUSE OF COMMONS

Monday, May 17, 1954

The house met at 2.30 p.m.

RADIO ACT

AMENDMENT TO AUTHORIZE EMPLOYMENT OF UNITED STATES PERSONNEL AND IMMIGRANTS AS RADIO OPERATORS

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 446, to amend the Radio Act.

Mr. Knowles: Explain.

Mr. Chevrier: Mr. Speaker, the Radio Act provides that no one shall be employed as a radio operator unless he is a British subject. By virtue of the Emergency Powers Act the Minister of Transport was authorized to enter into an agreement with the United States government providing that it could establish radio stations in northern Canada and employ operators who were not British subjects. The object of this bill is to amend the Radio Act in order to implement, by way of legislation, that arrangement and also to include certain landed immigrants to be employed as radio operators and who are not yet British subjects.

Motion agreed to and bill read the first time.

CANADIAN CITIZENSHIP ACT

AMENDMENT TO REPEAL THE DECLARATION OF INTENTION

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the first reading of Bill No. 445 (from the Senate), to amend the Canadian Citizenship Act.

Motion agreed to and bill read the first time.

QUESTIONS

SECURITY SCREENINGS—WORLD WAR II RECORDS

Mr. Dinsdale:

1. In the case of veterans of world war II re-enlisting in the Canadian armed forces, is any reference made to world war II records for screening purposes?
2. If so, when was this practice introduced?
3. Has this screening process been made retroactive to cover world war II veterans who re-enlisted before the practice became operative?
4. How many applicants for the Canadian armed forces have been screened as a result of unsatisfactory world war II service records?

Mr. Blanchette:

1. Yes.

2. This practice was introduced at the end of the second world war during the reorganization of the Canadian armed forces.

3. Not applicable.

4. Until quite recently it has not been considered useful to keep statistics of the numbers of applicants rejected because of previous unsatisfactory military service. However, in January, 1953, the army began to keep such statistics and has so far rejected 649 applicants whose previous service record was considered unsatisfactory.

RADIO RECEIVING STATIONS—INSPECTION

Mr. Hansell:

1. Does the inspection of receiving stations referred to on page 148 of the 1952-53 annual report of the Department of Transport refer to radio receiving sets? If so, what was the total cost of this inspection?
2. What is the nature of the inspection of amateur experimental stations, and what was the cost of this for 1953?
3. Does any revenue accrue to the government from any radio inspection services? If so, what was the revenue for 1953?

Mr. Langlois (Gaspe):

1. Yes. For the purpose of investigating radio interference to private receiving sets and for the obtaining of evidence for prosecution of unlicensed private receiving stations. No breakdown of cost made as this work is carried out coincident with general inspection duties.

2. A technical inspection to assure that stations are operating in accordance with domestic laws and international agreements. No segregation of cost made because duties performed by same staff when on general inspections and interference duties.

3. The fees for licences for radio stations, other than private commercial broadcasting stations and private receiving stations when the latter were collected, were established on the basis of defraying in part the cost of licence issuance and inspection service. Such fees totalled $130,358 for the fiscal year 1952-53.

WOOD PULP EXPORTS TO RUSSIA

Mr. Pearkes:

1. Have any permits to export rayon wood pulp to the U.S.S.R. been approved since January 1 1953?

Questions

2. If so, (a) to what Canadian firms have such permits been granted; (b) what quantities of wood pulp have been authorized for export to the U.S.S.R.; (c) what is the value of the shipments authorized; (d) is the type of wood pulp to be exported used in the manufacture of textiles or explosives?

Mr. Dickey:

1. Yes.

2. (a) It is not in the public interest to reveal details of private transactions of individual companies;

(b) 9,850 tons;

(c) $1,678,000;

(d) for the manufacture of textiles.

VOCATIONAL TRAINING FOR UNEMPLOYED

Mr. Zaplitny:

1. Is the government providing any assistance for the vocational and/or technical training of the unemployed in Canada?

2. If so, on what basis and to what extent is this assistance now being given?

3. Is the assistance provided on a dominion-provincial arrangement? If so, what is the basis of such arrangement?

4. Which provinces are at present participating in such an arrangement?

5. What amount has been contributed by the federal government to each province in 1953 and up to the present in 1954?

Mr. Gregg:

1. Yes.

2. Unemployed persons who require training to fit them for suitable employment may be referred to the national employment service for short-term training, not exceeding twelve months, in classes operated under the Canadian vocational training program. 1,660 such persons were referred for training during the past fiscal year.

3. Yes, under the provisions of the vocational training agreement which provides for equal sharing of the costs by provincial and federal governments.

4. British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick and Nova Scotia. Ontario provides such training for disabled persons only.

5. Federal contributions for the fiscal year 1953 were as follows:

Nova Scotia	$78,289.25
Quebec	21,828.28
Manitoba	30,370.60
Alberta	53,621.76
New Brunswick	37,438.75
Ontario	18,235.99
Saskatchewan	27,673.18
British Columbia	10,432.14
Total	$277,889.95

No claims for federal funds have yet been received covering expenditures for the current fiscal year.

[Mr. Pearkes.]

EXTERNAL AFFAIRS—RECOGNITION OF RUSSIA

Mr. Zaplitny:

1. Has Canada extended formal recognition to the Union of Soviet Socialist Republics? If so, on what date?

2. Has Canada, at any time, extended separate recognition to Latvia, Estonia and Lithuania?

3. If so, does Canada still recognize these three states?

4. Which countries known commonly as soviet satellite states are at present officially recognized by the Canadian government?

5. Does Canada recognize Byelorussia and the Ukraine as separate and sovereign states or only as integral states of the U.S.S.R.?

Mr. Benidickson:

1. Yes. On March 24, 1924.

2. Yes.

3. There has been no occasion when the government of Canada considered it necessary to reaffirm or withdraw formally *de jure* recognition of these states. However in 1947, in the course of an action in the Exchequer Court of Canada, the Secretary of State for External Affairs informed the court that the government of Canada recognized that Estonia had been *de facto* incorporated into the Union of Soviet Socialist Republics but did not recognize this *de jure*.

4. It is assumed that this question refers to Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Roumania. These came into existence as states at different times in the nineteenth and twentieth centuries. Recognition of their existence as states has been accorded by Canada in many ways at different times and has never been withdrawn.

5. Canada does not recognize Byelorussia and the Ukraine as separate and sovereign states but regards them as constituent parts of the U.S.S.R. However, Canada, in common with other members of the United Nations, accepted the Byelorussian and Ukrainian soviet socialist republics as members of the United Nations when the organization was formed in 1945.

ROSEHALL NURSERIES LIMITED

Mr. McWilliam:

1. Has the Rosehall Nurseries Limited, Brantford, Ontario, had contracts with Central Mortgage and Housing Corporation in 1953?

2. If so, how many and what was the total amount of money involved?

3. Has Rosehall Nurseries Limited, Brantford, Ontario, had any contracts with Central Mortgage and Housing Corporation in 1954?

4. If so, how many and where are the contracts being performed?

5. Have all contracts between Rosehall Nurseries Limited, Brantford, Ontario, and Central Mortgage and Housing Corporation been completed?

Mr. Bourget:

1. Yes.
2. Contracts—3; total value—$10,035.
3. No.
4. Not applicable.
5. No.

POST OFFICE DEPARTMENT OFFICIALS

Mrs. Fairclough:

1. Who is the chief investigator for the Post Office Department?
2. When was he appointed?
3. What is his salary?
4. Who is the regional director of the Post Office Department for the Quebec region?
5. When was he appointed?
6. What is his salary?
7. Were either of these offices created or established as a result of the Woods and Gordon report?
8. If so, was the appointment handled by the civil service commission?

Mr. Cote:

1. S. Chartrand.
2. April 1, 1953.
3. $8,500.
4. Vacant.
5. See answer to No. 4.
6. Position carries salary of $7,800 to $8,400.
7. Yes; chief investigator.
8. Yes.

MOTION FOR PAPERS

WINNIPEG NORTH CENTRE—SUB-POST OFFICES

Mr. Knowles:

For a copy of all letters, telegrams, memoranda and other documents exchanged between any person or persons and the Post Office Department, since January 1, 1949, concerning sub-post offices in the federal constituency of Winnipeg North Centre, together with a statement showing the locations of all sub-post offices in the federal constituency of Winnipeg North Centre as at December 31, 1953, and a copy of post office regulations in connection therewith.

VETERANS LAND ACT

AMENDMENT TO PROVIDE ASSISTANCE FOR HOME CONSTRUCTION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Veterans' Land Act to provide financial and technical assistance to veterans for home construction and also to provide further financial assistance to veterans presently settled under the act as full-time farmers or who may be so settled in the future and to veterans who may in the future become qualified as part-time farmers or commercial fishermen.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

EXTERNAL AFFAIRS

REFERENCE TO SPEECH MADE BY PRIME MINISTER AT STE. FOY, QUE.

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister arising out of press reports of the speech that he made at Ste. Foy over the week end? When the Prime Minister referred to Canada's continued confidence in the possibility of securing peace through negotiation, did he have in mind any specific negotiations or any specific leadership which Canada is intending to initiate at the present time?

Right Hon. L. S. St. Laurent (Prime Minister): No. I had in mind the efforts that are being made by all those who are assembled at Geneva to try to work out a peaceful settlement of the problems that are before them there.

FLOODS

FRASER RIVER—REQUEST FOR SERVICES OF ARMED FORCES

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): I wish to address a question to the Minister of National Defence. Conditions of run-off on the Fraser river are causing concern in British Columbia. Should the situation worsen will the Minister of National Defence give assurance that the services of the army, navy and air force will be offered to the people of British Columbia, and will sandbags be available to fight flood should the necessity arise?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, it is not for the navy, army or air force to offer their services. If those services are required, that matter would be decided by the governor in council in accordance with section 35 of the National Defence Act. If they are required, the armed forces are prepared to do anything within their capacity to deal with the emergency. In the meantime they are keeping in close touch with the provincial authorities and also with the actual situation in the river.

With regard to the question of sandbags, may I say that I understand that the Department of Public Works of the province has approximately 1 million sandbags. There is

also a productive capacity for sandbags now in the western provinces; that is in addition to the large quantity the Canadian army has on hand.

SUPPLY

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved that the house go into committee of supply.

MUNICIPALITIES—EXEMPTION OF PURCHASES FROM SALES AND EXCISE TAXES

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, following the accepted practice I propose to take this opportunity to rise on a question which is assuming increasing importance throughout the whole of Canada. The same subject has been discussed on earlier occasions, but new emphasis has been placed upon the need of the municipalities for a thorough re-examination of their position as a result of many of the new demands which are being imposed upon them. There seems to be some tendency to accept a satisfactory surplus in the federal financial position or in the provincial position in any province without due regard to the fact that there are many municipalities in Canada today, at a time of high earnings and high revenues, that simply cannot make ends meet.

This is borne out by resolutions presented by the municipalities themselves and by the repeated resolutions of meetings of mayors and reeves in their various organizations throughout Canada. The fact is that the municipalities, which, after all, provide that form of local government closest to the people, and which give many of our most important services to the people, find themselves caught between the millstones of rapidly mounting costs on the one hand and limited tax resources on the other.

There is a particular reason why the federal government should seek the support of parliament to ease the burden upon municipalities in every way it can. It is sometimes forgotten that when the provincial governments entered into the tax arrangements in 1942, under which they gave up certain taxing powers, many municipalities gave up their taxing powers at the same time. This was recited in the statute which approved of the agreement signed at that time. They have never been restored to their position in relation to those taxes, nor has their taxing power been restored in any corresponding field.

Mr. Speaker: Order. May I interrupt the Leader of the Opposition at this point? If he does not relate his subject very shortly to one which is covered by the scope of federal affairs I will have to inform him that it is not in order, even on a motion to go into supply, to bring forward as a grievance a matter with which this parliament has nothing to do. The municipalities are creatures of the provinces. There may be a relationship between the provinces and the federal parliament but I do not see a direct link between the parliament of Canada and the taxing powers of the municipalities. It may be that my remarks are inopportune or premature, but I should like the Leader of the Opposition to know that if he is going to continue with the subject that he has introduced, without linking it specifically to affairs over which this parliament has jurisdiction, I will have to tell him that he is not in order.

I am informed that there is on the order paper a resolution having to do with a measure to be introduced to extend the benefits of the Municipal Grants Act and to provide for certain changes in connection with the administration of the act. I do not want to anticipate what the arguments of the Leader of the Opposition are going to be, but if he is going to contend that larger benefits should be paid to municipalities by way of grants in lieu of taxes I will have to tell him that in this respect he will be discussing a matter that involves legislation already appearing on the order paper, and that too is not in order on a motion to go into supply.

Mr. Drew: No, Mr. Speaker, it is not my intention to discuss that subject. That subject will be discussed at the time that the resolution is given consideration. I am confronted with the problem that always presents itself as to how long an introduction should be. Nevertheless, I think that the remarks I make are very clearly related to something that is directly and exclusively within the jurisdiction and authority of the government of Canada and this parliament. I am going to discuss the urgent need for reconsideration of the position of the government in relation to the sales and excise taxes charged on purchases by municipalities throughout Canada. This is in no way covered by the resolution to which Your Honour has referred.

Mr. Harris: On a point of order, that matter is before the house in the budget resolutions which, according to the order of business, will be called later this day if reached.

Mr. Drew: The subject matter I am raising is not covered by the resolution that has been mentioned. That resolution relates to a very limited proposal. I submit, Mr. Speaker, that it is proper to place before the house considerations which should be borne

in mind in dealing with any matter that has not already been disposed of and is not covered by a motion before the house. There is no proposal before the house that the municipalities be exempted in whole from the sales and excise taxes on their purchases of machinery, equipment and things of that kind which they need. It is to that very urgent requirement that my remarks are directed.

The need for consideration of this subject has received new emphasis in recent weeks because of the discussions which have taken place with respect to the problem of equipping the municipalities to meet such plans as are prepared for the civil defence of this country. I raise this point by way of illustration only. I would point out that the Minister of National Health and Welfare (Mr. Martin), under whose department civil defence has been placed, has emphasized the vital importance of preparing to meet this situation. If his advice is accepted, then there are many new requirements which must be purchased by the municipalities and which will in no way be covered by such limited exemption as will be afforded by the resolution referred to by the Minister of Citizenship and Immigration (Mr. Harris) if it should be the will of parliament to adopt it. I would also point out that right across Canada there is increasing evidence of the need for revenue, a need that is not covered by local taxation or by any compensating grants made by the provincial governments to the municipalities. At the point where His Honour asserted that I had not yet clearly indicated the purpose of my remarks, I had intended to point out that there has been some compensation to the municipalities in respect of the taxing rights which they were called upon to forgo under the agreements of 1942. Nevertheless it is only necessary to ask any mayor, any reeve, or the member of any urban or municipal council across Canada whether or not the present situation is satisfactory to find out that today the municipalities are unable to continue to meet the increasing demands for those vitally important local needs unless some new method of taxation is found.

I do not intend to embark today upon a discussion of the need for a conference between the various levels of government in this country. I have already made that request to the Prime Minister (Mr. St. Laurent) who is the only person who could call such a conference. I have emphasized my reasons for believing it should be done. I leave that where it stands because the Prime Minister has indicated he is not prepared to accept that proposal. I do strongly urge, Mr. Speaker, in the absence of any immediate discussion of a general readjustment of the taxing position as between the national, provincial and local authorities, that this tremendously important relief could be granted, and should be granted having regard to the practice that is already being followed.

It need not be pointed out that the whole strength of our society, and in fact the real foundation of our democracy, rests upon municipal government. It is there our whole democratic system begins; that is where the concept of personal representation is first made evident to the people of our country; that is where the relationship between the government and the elected representative is most effective; that is where we see the real supervision of the business of the people themselves. I suggest that at this particular time we have reason in this House of Commons to realize that the plans for housing, the plans for the general improvement of our country and the plans for the development of Canada, initiated in this House of Commons and approved by the parliament of Canada, in themselves impose new burdens upon the municipalities. Unless the municipalities are able to meet them, then many of the plans are rendered ineffective or hindered by difficulty in finding the appropriate conditions in which those plans can be advanced.

In no single case is this more evident than in the case of housing where the burden of the municipalities is to provide adequate services, not only such services as sewers, roads, water works and things of that kind, but educational facilities, health facilities and everything of that nature, which form an essential part of any particular program of development for the advancement of our society which may be contemplated. There is another reason, Mr. Speaker, why it seems to me that action along these lines is long overdue. The municipalities, as Your Honour pointed out a short time ago, are the legal creatures of the provincial legislatures. I hope that no member of any municipal council will feel that I am using any term that does not recognize the full dignity of the municipalities when I make that simple and unchallengeable statement.

Under our constitution, the municipalities take form under the municipal acts of the various provinces. The way in which they elect their local governments, the way in which those governments serve the people and the way in which their many activities are carried out, are defined and supervised by the provincial government. There is, therefore, a close, intimate and continuous association between the municipalities and the provincial authorities. In fact, in many cases the municipal councils are an integrated part

of the general provincial activities. For that reason it has been difficult for many of us to understand why it is appropriate that the provincial governments should be able to buy exactly the same things that are bought by the municipal councils, and yet they should pay no sales or excise tax while the municipal councils are called upon to do so.

I sometimes wonder why a device has not been employed which could, in some substantial measure, overcome this difficulty. I think it might be one that perhaps might commend itself. If the provincial governments created a purchasing organization for the municipalities, it would seem quite evident that a provincial organization of that kind would be free of sales tax and excise tax, and could pass on that benefit to the municipalities. Nevertheless, that is a cumbersome procedure that should not become necessary, and certainly will not become necessary, unless this parliament fails to carry out the obviously necessary reform.

In saying all this, it is not my intention to discuss the motion which has been referred to by the Minister of Citizenship and Immigration (Mr. Harris), beyond saying its effect is so limited it offers little or no relief to the municipalities, and particularly in regard to those purchases which are of the greatest importance and cost. However, this subject is one that has been presented to the government by resolution on many occasions. The municipalities find themselves more and more reduced to taxes on real estate for their increasing needs. The very things done by this parliament throw a burden on the home owner, the farm owner and the owner of small business properties in the municipality. This is something that should be borne in mind. This is not an act of mere generosity we are suggesting, but a practical reciprocal recognition of the fact that the municipalities are called upon to do many things that, in themselves, are essential if the programs initiated here are to be carried out.

Now, Mr. Speaker, the figures in themselves are interesting and revealing. We find, for instance, that last year the mayor of the city of Edmonton stated that if the dominion had paid its share of the general obligations that the municipalities have been asking the dominion to bear, there would be a saving of approximately $600,000 in that city. That is certainly a substantial figure for any city. Whether that be the right amount or whether it should be a lesser amount, we do know what this amount of sales tax is for the city of Montreal. For the financial year 1951-52, the city of Montreal, on materials and equipment purchased either by the city itself or by contractors, paid $382,000. Mr. Speaker, I repeat these are only amounts that illustrate what is happening in varying degress across this country. These payments are largely due to things that must be done in order to carry out programs initiated on behalf of our people by the government of Canada and by provincial governments in the general advancement of our society.

I believe that there is no single reform in taxation more greatly needed today than a readjustment of taxes which would relieve home owners, farm owners, owners of businesses and property, of the present burden of taxation. Nothing would, of itself, encourage more greatly a still more extensive building of homes and farm buildings and things of that nature, when reason suggests that it should be done. When this very thing is being done for provincial governments in relation to the very same things, then I submit that the municipalities, which are brought into existence as corporate bodies under the laws of the provinces, should have the same right and courtesy extended to them.

Therefore I move, seconded by the hon. member for Greenwood (Mr. Macdonnell):

That all the words after "That" to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax."

Mr. Speaker: As I had occasion to inform the Leader of the Opposition (Mr. Drew) earlier, an amendment to the motion to go into supply should not involve legislation placed on the order paper. The very effect of this amendment is that legislation be introduced similar to that contemplated in a budget resolution.

I hold in my hand May's fifteenth edition in which, at page 706, I find this:

The ordinary rules of debate are applicable on this occasion.

That is, on a question for Mr. Speaker to leave the chair. It continues:

For instance, a matter which should be considered upon a substantive motion, or which would anticipate a more effective form of proceeding of which notice has been given cannot be discussed. A subject, or matter of detail which should be discussed in the committee, has been held to be out of order. The rule which prohibits reference to matters involving legislation—

Then there is a reference to page 717, to which I shall refer later. It continues:

—having been found too rigid, was relaxed, on the recommendation of the select committee on procedure of 1946.

Well, so far as we are concerned, that rule was not relaxed by any committee of procedure of this house.

And then, if hon. members will look at the reference to page 717, which is mentioned here in brackets, they will find this under the heading "General Restrictions on Debate in Committee of Supply":

> Regarding the general conduct of debate in the committee of supply, it may be observed that remarks on the conduct of a servant of the state, made on the grant containing his salary, must be restricted to his official conduct. The committee of supply does not afford the proper opportunity for discussing from which house of parliament a minister should be chosen, or whether he should be in the cabinet or not, or which minister should represent the government in respect of the estimates under consideration. The administrative action of a department is open to debate, but the necessity for legislation and matters involving legislation cannot be discussed in committee of supply.

It has also been a rule in this house that if an hon. member wishes to introduce legislation or to amend legislation there is a definite form of procedure. The Leader of the Opposition may say, "Well, if it involves the expenditure of money or the imposition of a tax, I cannot move it. It has to be moved by a minister of the crown." That is the very basis upon which our parliamentary procedure is founded. Matters having to do with the spending of money or the imposition of taxation have to be introduced by the executive. The opposition has the right to criticize and to censure by amendment or by motion. But in this particular instance, on a motion to go into supply, what has to be heard is a grievance, but not a motion involving legislative matters which are to be dealt with later as they appear on the order paper.

Of course I am prepared to hear comments on the ruling. However, in view of what I have said, which is fully explained in May, I would be inclined to declare that the amendment cannot be received.

Mr. Drew: Mr. Speaker, there seem to be two points raised in connection with this matter, the first of which is that of an amendment dealing with possible legislation, and the other being the question of a matter already before the house.

If Your Honour's ruling has the effect of denying the right to place before the house the proposal that consideration be given to certain legislation, then I submit that the long history of the effective employment of a motion to go into supply to present positive proposals to the House of Commons will have been destroyed. I submit further that, over and over again, in every session, the procedure I have suggested has been followed with a regularity which embeds it firmly into the practices of the House of Commons.

And I would say this, that in so far as the legislation is concerned, the amendment is very carefully drawn to propose that consideration be given to legislation which is not now before the house, and which is not in any way suggested to the house in the speech from the throne, in the budget, or in any resolution on the order paper.

And, so far as the second point is concerned, if the fact that some resolution dealing with a particular aspect of a problem is to deny the opportunity to propose consideration of a general approach to the problem, then I would point out that a very effective blocking device could be employed simply by introducing a series of resolutions dealing with very limited aspects of every question that might come before the House of Commons. The hands of the house would be tied in that hon. members would not be in a position to present this kind of resolution which in the past, both here and at Westminster, has over and over again formed the basis for positive and effective discussion—discussion which, in many cases, has had satisfactory results and received the acquiescence of the government. Even within the last two or three years we have had encouragement in that we have seen certain of these proposals actually accepted.

I would point out that if a resolution of this kind—which, I might add, has been introduced every year for several years, in a somewhat similar form—is to be withheld from discussion by something dealing with a limited part of it, we would have a serious situation. How could this be done? Well, certainly the government could anticipate that such a resolution would be brought forward, in view of the fact that this argument has been presented before. Under such a ruling it would only be necessary to introduce a motion that the sales tax on school rulers be removed, and there could be no discussion on the broad subject of the relief of municipalities in regard to purchases of machinery and equipment either for municipalities or for schools. Surely the intention of the rules and the rulings made in this house should not be to restrict the opportunity to place positive proposals before the house. I submit, Mr. Speaker, that on the contrary, the rules should be so interpreted as to encourage positive recommendations dealing with those matters that are obviously of considerable concern to the people of Canada, and particularly the municipal taxpayers of this country.

Mr. Coldwell: May I just say a word, Mr. Speaker? I agree with the Leader of the Opposition in regard to the suggested objection you have made to this particular amendment. This amendment follows strictly the line that has been laid down in this house ever since I have been here at least. It merely asks for the consideration of the introduction of certain legislation which is outlined.

I am in sympathy of course with the purpose of this amendment, though, if you suggested that this might not be in order on account of resolutions which we are considering in connection with the debate on the budget, I would have agreed with you. But if the ruling is made merely on the basis that the form of this is not compatible with the usual procedure of the house, then I certainly could not agree with you, Mr. Speaker, with all due respect.

I think that you might, if I may suggest it, give more consideration to this amendment because on the ground that you have just suggested the ruling made might be on very shaky foundations. On looking it over I find it is quite compatible in form with many resolutions that have been moved and accepted from time to time in this house.

Mr. Fulton: May I just say a word on the various points that have been raised? Dealing firstly with the last point made by the leader of the C.C.F. party, I would remind you, sir, that we had an amendment earlier in this session dealing with the unemployment situation and advocating immediate action, as I recall it, not only advocating measures to reduce unemployment but also, certainly by inference, at any rate an amendment to the unemployment legislation. Perhaps I should put it this way. The action urged in that resolution would have required legislation, and that amendment was allowed as being in order at that time. In fact there was an amendment and a subamendment. I suggest that on the same principle this amendment, although it might be that it does require legislation to implement it, is within the rules laid down by the ruling on amendments to the motion to go into committee of supply.

Very obviously, sir, in the vast majority of cases of redress of grievances or of matters that are put forward at this stage from this side of the house as being grievances requiring redress, it would require legislative action to deal with the request which is put forward in the resolution. If you were, sir, to embark on the kind of rulings which meant that only a resolution, the implementation of which would not require legislation, could be moved at this stage, then I submit, sir, that the raising of grievances and the moving of formal amendments with respect thereto would be virtually impossible. Therefore I would echo the words of the hon. member for Rosetown-Biggar (Mr. Coldwell) and ask you carefully to reconsider your ruling before you put it on that basis. On the other basis which was alluded to and on which I understand at present you are not ruling it out of order, I think it is sufficiently obvious, sir, from what has been said by the Leader of the Opposition, it does not confine itself in any way to the particular subject embraced in the budget resolution which is, it is true, on the order paper.

I do not know whether the hon. member for Rosetown-Biggar was inviting Your Honour to give further consideration to that matter, but I simply suggest to you, sir, it goes so very much beyond what is embraced in that budget resolution that it would be impossible to rule it out of order on that ground. Therefore I respectfully submit that it stands on all fours with similar resolutions moved at this stage in the past and should be allowed as being in order.

Mr. Knowles: Mr. Speaker, I trust that you will meet the request that has already been made that you reconsider the opinion that you have tentatively placed before the house. I have been looking through such references as I have under my hand, and I find no instance of an amendment of this kind being ruled out of order. On the other hand, I find several instances of amendments almost, if not exactly, the same as this being allowed. It seems to me that if Your Honour focuses attention on the word "legislation" you should not ignore the governing phrase "the opinion that consideration should be given to the introduction of legislation".

I confess that the other amendments that I have looked up thus far do not use the word "legislation" but they do express the opinion of the house that certain steps should be taken; that provision should be made; that measures should be taken. As a matter of fact, this amendment could be corrected on that point, if Your Honour thinks it needs correction, by just striking out the reference to legislation. I do not think such a change is necessary, but it could be made to read:

> this house is of the opinion that consideration should be given to the exemption . . .

And so on. Now, bearing in mind that these are amendments that do not have an operative effect, the results are the same either way, and with all respect I must say that Your Honour pays too much attention

to the word "legislation" which appears in this amendment, bearing in mind that the amendment is one of those abstract amendments that do not have an operative effect.

It seems to me that in citation 345, which is one of the general citations providing for the redress of grievances, there is wording that covers this amendment where it says that the amendment need not be relevant but may relate to every question connected with public administration.

Then there is citation 444 as well, which refers to motions. I think Your Honour will admit that it covers amendments as well. It reads as follows:

> Private members may introduce resolutions that do not directly involve the expenditure of public money and have no operative effect but simply express an abstract opinion on a matter which may necessitate a future grant.

Whether one is asking for the expenditure of money or asking for legislation that may result in the expenditure of money or the loss of revenue to the public treasury, the result is the same. Citation 444 appears to have formed the basis of decisions made by former Speakers which I shall not read. But I would mention that they may be found at pages 519, 529 and 537 of Beauchesne's Parliamentary Rules and Forms, third edition. In all these cases what was involved was a motion that indirectly could involve legislation or the expenditure of money. But the Speaker in each case allowed them as motions or as amendments because they were abstract; they were inoperative in their effect; they just expressed the opinion of the house. Surely, if I may read it again, that is what this amendment asks for when it says:

> this house is of the opinion that consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax.

There have been a number of motions of this kind. Indeed, a number of them have come from members of this group. The former member for Melfort, Mr. P. E. Wright, presented a motion that called for money in connection with wheat on June 5, 1950, and it was in order. Similarly, there was a motion on March 9, 1951, which was moved I believe by my deskmate, the hon. member for Assiniboia (Mr. Argue), and it called for an initial payment of $1.75 for wheat in that year. On May 11 last year, just before the end of the session, I moved an amendment which read as follows:

> "this house is of the opinion that consideration should be given to increasing the payments made to our old age and blind pensioners, under the Old Age Assistance Act, the Old Age Security Act and the Blind Persons Act, to an amount commensurate with today's cost of living."

That, Mr. Speaker, can be found at page 5110 of *Hansard* for May 11, 1953. Now, Your Honour might point out that that motion did not have within it the word "legislation", but the effect would have been the same if my motion had been adopted. If it had carried it would have been the expression of the opinion of this house that that step should be taken and it was a step that would require legislation either by the government then in power or the one which would have taken its place if the government had been defeated on the motion.

I therefore submit, with deference, Your Honour, that you have paid too much attention to the word "legislation" as it appears in this amendment. It is my belief that, in accordance with the excerpts you have quoted from May, to move the direct introduction of legislation on the motion to go into supply would be out of order. It would not be in keeping with the grievance procedure. But that is not what the Leader of the Opposition (Mr. Drew) is doing. He has simply exercised his right on the motion to go into supply to express as his grievance his opinion that consideration should be given to making a certain provision, taking a certain course, and introducing certain legislation. I trust that the arguments advanced by those of us who have spoken from the floor will prompt Your Honour to reconsider your opinion on this matter.

Mr. St. Laurent: Mr. Speaker, I would like to say a few words on this matter. On the first point, in reference to which Your Honour cited May, I have always understood that "legislation", there, was legislation which was before the house for consideration at the session which was in progress, and not legislation generally, because the practice, I think, since I have been here, has been on several occasions to have amendments on the motion to go into supply which express the opinion, whether the word "legislation" is used or not, that there should be some change that could not be made otherwise than by legislation. However, I think the citations to which you have referred are still applicable to this case because here this is in effect an amendment which says the resolution that is before the house is insufficient and should not extend the relief from taxation merely to certain items, but should extend it to all items purchased by municipalities. Here we have something before the house which is a proposal for legislation by the government, and I have no doubt that when the resolution is under consideration we will hear it said that it does not go far enough. But I think that will be the time when it will be in order to say that, and

meantime it is not in order to say it in the form of an amendment to a motion to go into supply.

When we reach consideration of the resolution on the Excise Tax Act, which reads as follows—

> 4. That the sales tax on the following goods be repealed:
>
> (c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks;

—we will hear it said that that is very good, but that it does not go far enough and that it should be extended to all equipment and supplies purchased by municipalities.

That being the proposal which is before parliament at this time for debate, I think the citations from May make the word "legislation", as used in these citations, applicable to the present amendment.

Mr. Speaker: I wish to thank hon. members—does the hon. member for Eglinton (Mr. Fleming) wish to speak?

Mr. Fleming: Yes, Mr. Speaker, I should like to say a word on this matter. I do not pretend there is much to be added to the arguments which have already been addressed to you on this subject, but I would ask you, in weighing your decision on this matter, to bear at least these two things in mind.

This is a matter of high importance, Mr. Speaker. It is not just an ordinary amendment upon which you are called upon to make a decision, because if the decision you have indicated as being in your mind is given effect by you, Mr. Speaker, it seems to me it is going to have the inevitable result of greatly curtailing the procedure which has been recognized here for a very long time of permitting the effective airing of grievances in this house.

I ask you, if you will, sir, to consider very carefully that if the ground upon which you have proposed to rule this amendment out of order is sound it can have the effect of curtailing to a degree I think very few of us in this house can fully apprehend the well recognized and extremely useful and democratic procedure we have on motions of this kind. May I urge, sir, that basically the approach of the Chair to amendments of this kind should be to admit these amendments freely unless there is a clear offence against some rule, order or previous decision.

It appears that some weight is attached in your mind, Mr. Speaker, to the suggestion that there is some legislative effect to this resolution. At any rate that appears to be the understanding of hon. members, including the Prime Minister, in regard to what you said. It seems to me that the use of the word "legislation" in the amendment does not fix the nature of the amendment. It would be mere hairsplitting to say an amendment of this kind is legislative in its nature simply because the word "legislation" is used in some place in that amendment. The essential nature of the amendment, sir, is the governing consideration in my submission, and the essential feature of this amendment is to invite, in the time-honoured word, "consideration" of this matter. If it is adopted it can go no further than to invite consideration in proper quarters of the matter that is referred to here, namely, the exemption of municipal councils and school boards from payment of this tax.

The Prime Minister (Mr. St. Laurent) made reference to the budget resolution proposing an amendment to the Excise Tax Act, which was introduced on April 6. Now, sir, if the amendment is to be ruled out on that ground I would suggest to you that in effect the ruling then will say that the greater includes the less. If an amendment such as has been introduced by the Leader of the Opposition is out of order simply because there is somewhere before the house a resolution which deals with a tiny fragment—and it cannot be more than that under the language of the budget resolution—of what is proposed in the amendment, then, sir, it is going to be, if not impossible, then virtually impossible hereafter to introduce an amendment to a supply motion, in any event after the budget has been introduced.

It would seem to me, sir, and I say this with the utmost respect, a quite extraordinary thing if, once a budget is introduced with a group of budget resolutions, somehow the whole atmosphere in which we approach these questions of amendments on supply motions should change, because the budget resolutions are very wide in the nature of things they touch. If on a supply motion an amendment suddenly becomes out of order simply because it touches on something on which there is nothing more than the most casual reference or fragmentary provision in the budget resolutions, it is inevitable that under such a decision the power and useful right of members of this house to introduce amendments on supply motions is going to be virtually nullified.

With great respect, Mr. Speaker, I consider that is not putting it too strongly if your proposed ruling is going to stand on the grounds on which it has been proposed and discussed here. I would urge, with the

utmost respect, that on a matter of this kind we are dealing with something that goes to the very root of the rights of members of this house. It is the type of matter on which —if I may express this opinion to you, Mr. Speaker—the approach should be not one seeking to confine but one seeking to provide the freest possible assertion of the rights of the members of the house. With great respect, Mr. Speaker, I urge upon you that the subject matter of this amendment does not trespass upon existing subject matter of things that are on the order paper now; far from it. It is not legislative in its scope any more than any resolution introduced by a private member could be legislative as applied to the balance of ways and means, expenditures or taxation. This is the recognized form in which the house expresses itself on these questions.

Mr. Fulton: In the hope that it may clarify the matter and enable you to reconsider your ruling I would propose to move,—and in this I act with the knowledge and concurrence of my leader—seconded by the hon. member for Lanark (Mr. Blair):

That the amendment be amended by deleting the words "the introduction of legislation which would provide for"

The amendment would then read:

this house is of the opinion that consideration should be given to the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax.

I have no wish to make that motion unless it would be of assistance to Your Honour. If Your Honour's feeling is that the subject matter of the resolution is out of order, then of course the suggestion I have made would not cure it. But I understand Your Honour's opinion to be that the objection to the resolution is that it advocates specific legislation. If that be the objection, then I would suggest that it would be cured by the amendment. It is for that purpose alone that I would move the amendment.

Mr. Speaker: Hon. members have been extremely kind. I must thank them all for having provided me with such valuable assistance. Before I deal further with this point, I should like to reread what I said earlier because it seems to me that I was somewhat misunderstood or that I was not clear enough. I should therefore like to leave the matter as it stands for the time being. If an opportunity is given to me to study it, I will start by rereading what I said earlier. Then later I will be in a better position to give a ruling which I hope will give satisfaction to everyone.

To my mind legislation does not mean an existing statute. It is the kind of legislation which begins, if it is a money matter, with a resolution, followed by first, second and third readings of the bill. It is legislation which Beauchesne talks about, I think in citation 467, where he says that an amendment should not relate to a piece of legislation, namely a resolution of ways and means which is already on the order paper. My point—and the one that the hon. member for Rosetown-Biggar (Mr. Coldwell) thought I should have made—was strictly related to his, although I had not amplified upon it. If the hon. member recalls what took place, he will remember that when I concluded my remarks I said that I was inclined to rule it out of order but that I should like to hear observations upon what I had said. I was perhaps keeping until the end what I consider to be the best of my arguments. I have before me here the budget resolution which appears at page 3737 of *Hansard*. I thought that this amendment was strictly related to a piece of legislation which is now before the house, namely a resolution which is on its way to becoming a bill. That is what we are talking about when we speak of legislation; it is the various processes from the resolution stage to the adoption of a bill. If it has received royal assent, it is a statute. I think it was the hon. member for Cape Breton South (Mr. Gillis) who the other day said I had spoken perhaps too long. But at that time, as he will recall, I was explaining what was meant in the resolution moved by the Minister of Veterans Affairs (Mr. Lapointe) and which contained the expression "such other legislation". I thought that today I did not require to make myself as clear as I tried to do on that occasion. This is what I had in mind. In any event, I have been impressed by the remarks made by the hon. member for Eglinton (Mr. Fleming), the Leader of the Opposition (Mr. Drew) and all the others who have taken part in this debate. It is not my intention in any way to curtail the opportunities for members to put forward grievances, because it is a time-honoured right that members have: No supply before redress of grievances. I do not want to curtail that right in any way. On the other hand, it is my duty to make sure that the rules of the house are not transgressed either by reviving debates or by duplicating them. I must deal with the rules as I have them in my hand. Citation 467 of Beauchesne's third edition, towards the end of the paragraph, reads as follows:

. . . if one is moved, shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be

proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

As I say, we have here this budget resolution which the Prime Minister (Mr. St. Laurent) read a moment ago. What I have to examine is what is meant by the word "relate". I should like to consider the matter further before I give a final ruling.

Mr. Coldwell: Then I presume, Mr. Speaker, that for the moment the subject matter of the amendment is properly under discussion? If so, I should just like to say a few words upon it.

Mr. Speaker: Perhaps the hon. member will allow me to interrupt him for a moment. I do not think I have read the amendment. I will read it so that it will be proposed from the chair. The Leader of the Opposition, seconded by the hon. member for Greenwood (Mr. Macdonnell), moves:

That all the words after "That" to the end of the question be deleted and the following substituted therefor:

"this house is of the opinion that consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax".

Then the hon. member for Kamloops (Mr. Fulton) has expressed the wish to modify this amendment, I assume with the consent of the mover.

Mr. Fulton: Your Honour, what I was suggesting was that if it would assist you in making a ruling, I would be prepared to move that amendment. But if I might have your consent and that of the house to withdraw the amendment, I think it would simplify matters.

Mr. Speaker: Since I have not received the amendment, we will consider that it has not been properly moved—

Mr. St. Laurent: Agreed.

Mr. Speaker: —because I do not think it would affect the matter anyway. Whatever decision I may make on the point, I will either accept the amendment or rule it out on the ground that it relates to a resolution already on the order paper to be considered in the committee of ways and means. But I want to think it over further.

Mr. Coldwell: I was just going to say that the amendment moved by the Leader of the Opposition would not be in the possession of the house until it had been read. I suggest that with your permission the hon. member for Kamloops might be allowed to make the change in the amendment that he suggested. I recollect that on one previous occasion at least my former leader in the house, Mr. J. S. Woodsworth, moved an amendment or a resolution—I have forgotten which—and it was not then read to the house. Mr. Speaker Lemieux suggested that during the supper hour it could be better worded. The change was made and the house accepted the change since the amendment or motion had not been formally placed before the house by Mr. Speaker reading it into the record.

Mr. Drew: With the consent of the hon. member for Rosetown-Biggar, may I make a suggestion consistent with what he has now said. Rather than regard the proposed amendment as an amendment to the amendment, may I suggest that the practice the hon. member has now suggested be followed. For the purpose of avoiding anything that might appear to be presenting unnecessary difficulties in relation to established practice the house might follow the course he has indicated. That would place my request before you for your consideration, if you should find that is an essential part of what you are doing, namely, that the words "introduction of legislation which would provide for the" be dropped so that the amendment would read:

This house is of the opinion that consideration should be given to the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax.

I sought permission to present this suggestion to you in the hope that we might not find ourselves confronted with a ruling which might appear to limit our debate in a way that perhaps might not be fully understood by hon. members.

Mr. Coldwell: I mentioned it in order to give Mr. Speaker the opportunity, if he so wished, to consider whether he would follow the procedure adopted by Mr. Speaker Lemieux in the case I have mentioned.

Mr. Speaker: So that all discussion pertaining to this particular subject may follow consecutively on the record, may I add at this point that I understood that the hon. member for Kamloops was moving a correction to the amendment already moved by the Leader of the Opposition for the purpose of helping the Chair, by suppressing some words, in making a decision which would have perhaps kept the amendment in order. I have said that whether these words are suppressed or whether they remain will not change anything one way or the other as far as my decision is concerned.

The Leader of the Opposition, perhaps because of a suggestion made by the hon. member for Rosetown-Biggar, has said that

he would prefer to see the words "introduction of legislation which would provide for the" removed. If I, like Mr. Speaker Lemieux some years ago, had thought that their removal would result in a better wording of the amendment I could have arranged to have those words removed. However, that is not the case because I do not think that it would improve the resolution one way or the other. It reads just as well with those words as without them, and it will not change my ruling one iota.

Mr. Fulton: On the point of order, I quite agree with you, Mr. Speaker, that my amendment was designed to cure what I had thought was a defect that you had indicated in the resolution. I now find, in the light of your subsequent remarks, that that was not the point on which you were going to rule. Therefore I feel there is no purpose in proceeding with my suggestion.

Mr. Drew: May I interject, and then my interjections are finished. Since this ruling is, I believe, regarded as a matter of some importance, I would not wish the record to leave any uncertainty as to my position. In making the suggestion I did I was not conceding for a moment that the resolution as it stood was not in order. I believe it is. I was merely offering the suggestion, should Your Honour feel that it did in any way change the situation, that a device that has been employed on other occasions might be adopted. Since Your Honour has made it clear that it does not change the effect then I would naturally prefer the amendment to stand exactly as it is.

Mr. M. J. Coldwell (Rosetown-Biggar): I have almost forgotten what I started to say, Mr. Speaker, because it seems so long ago. I am not objecting because I think this is an important point of order and an important ruling to which you must give consideration. But since this amendment is under discussion for the time being at least, I wish to say that I have every sympathy with the views expressed by the Leader of the Opposition, and I believe that those views will be shared very largely by members in all parts of the house. Some of us, before coming to this parliament, have had a certain amount of experience in municipal affairs. I can look back now more than a third of a century to the time when I was first elected to the city council of the city of Regina. Over those thirty-three years municipal administrations have been faced more and more with problems that require considerable expenditures of money, and at the same time they have found it difficult to impose any more direct taxes on real and improved property than they were imposing before.

The result is that both urban and rural municipalities are faced with difficulties when they find it necessary to import fire fighting equipment or trucks and so forth. During the debate on the budget I referred to this problem and I said that I regretted that the excise tax had not been removed from trucks imported for use by municipalities. I think that the house has to give consideration to ways and means of improving the financial resources of the municipalities of Canada. Of course, because they are parts of municipalities the same applies to the school boards of Canada. Quite frequently school supplies have to be imported from other countries, the United States or Great Britain. Where foreign languages are taught, supplies have to be imported. In the case of science, new apparatus devised and developed in many other countries has to be imported.

In some instances there is duty free importation, but then we find that other forms of taxation are levied. When supplies are bought within the country they are of course subject to the sales and excise taxes in many instances. In view of the difficulties now facing the municipalities and school boards and, indeed, educational institutions generally, including universities that are financed by the provinces and universities financed by endowments or gifts from time to time, the government should give consideration to introducing legislation designed to relieve these burdens as far as it is possible to do so. After all, as the Leader of the Opposition indicated, our democratic system is based upon local government and local democracy. That was the origin of the institutions that we have in democratic countries. Go back to Anglo-Saxon times. There were the village or folk moot and the hundred moot leading up to the national witenagemot and so on down to our parliamentary institutions. If we weaken the local governments, if we make it more difficult for them to fulfil the obligations they have to the people, then we shall be faced with a more acute problem. As a former member of a city council on which I served for many years, I know that the people are more conscious of the things that happen in the municipalities or in the council than they are of what takes place in this parliament. I know that the members of those bodies are closer, in many respects, to the people who live in those municipalities, than are the members of parliament in this House of Commons.

I say that I have every sympathy for the amendment introduced by the Leader of the

Opposition (Mr. Drew). Whether or not it is in order on other grounds, I am not going to say. If it stands, we most certainly shall support it. If it is ruled out of order by Mr. Speaker, we shall see to it that the grounds upon which the ruling is made are good grounds, and we shall be governed accordingly. All I want to do this afternoon is to say that I feel this parliament has to consider ways and means of helping the municipalities and our school boards. My colleague, the hon. member for Saskatoon (Mr. Knight), has frequently suggested federal grants for education, something of which we in this group are very much in favour. He knows much more about the financing of education in the various provinces, and in the various cities, than perhaps I do at the moment. I join with others in this house in urging the government to consider how best this parliament may strengthen the local governmental institutions in our country, the municipalities, the school boards and boards of a similar nature.

Mr. Solon E. Low (Peace River): I should like to say just a word on the subject matter that has been suggested by the Leader of the Opposition (Mr. Drew), that is the matter of giving assistance through our federal tax policies to the municipalities and school districts of the dominion. This is a subject in which I have been keenly interested for quite a number of years. Indeed, more than a score of times, I am sure, I have brought before this house the whole question of the exemption of school districts and municipalities from the payment of sales taxes and excise taxes on their purchases of machinery, buses, trucks and that sort of thing.

I want to indicate here that we favour the type of action that is contemplated in the resolution moved this afternoon, and if Mr. Speaker rules the amendment is in order, then of course I shall have to support it. It is true, however, that in the budget the Minister of Finance (Mr. Abbott) did provide for some relief to the municipalities by granting exemption from sales tax on the purchase of road building machinery. Now, that went only part way towards meeting the requests that have been made so often by members in this house. In the budget debate I expressed disappointment that the minister had not gone farther and exempted the purchases of buses and that sort of thing by school boards.

At the moment, I am not too familiar with the situations in the cities of Canada. I know they are having their troubles, of course, but they cannot be having nearly the trouble the rural municipalities are having because in the cities there are large concentrations of industries that are subject to taxation. You do not find this concentration of industry in the rural municipalities. Consequently, the only source of revenue the rural municipality has is the taxation applied against the farms and the homes of the people. This places a heavy burden on the rural municipalities. Federal policies dictate that on every purchase of road building machinery or equipment to transport children to school, things of that sort, a municipality has to pay a 10 per cent sales tax, and in addition certain other excise taxes.

I have calculated that on the purchase of an ordinary standard model Chevrolet car from the factory the purchaser must pay this government nearly $500 in excise and sales taxes combined; that is more than the labourers receive to build the car. I do not believe it is to the credit of the government of Canada that a situation like that exists. The ordinary, standard model Chevrolet car sells at the factory for around $2,200 or $2,300. What would a school division out in the country have to pay in sales taxes at 10 per cent on the purchase of a school bus, let us say, with which they transport the children to school, costing in the neighbourhood of $12,000 or $15,000? I shall let hon. members make the calculation themselves. It becomes a substantial sum, especially when it is recognized that the sales tax of 10 per cent is applied at the manufacturer's level and is often pyramided into a much greater percentage by the time the school division buys the bus from the retail distributor.

It is because of the extra burden on the school divisions and municipalities that I have spoken on a number of occasions in favour of having this tax abolished, and for that reason amongst others I welcome the opportunity to say something about it this afternoon and to ask the government to give some serious consideration to the extension of the good work they began in the budget this year. They should extend the exemption to cover all these purchases by municipalities and school districts, by means of which they build roads, give services to their people and transport the children to school. It must be remembered that these things are not purchased for resale. They are not bought by municipalities and school boards for the purpose of making money. They are purchased in order to give service, and for that reason the municipalities and school districts should be given every consideration.

Mr. Daniel McIvor (Fort William): I am not an expert on taxation, but I did serve for a number of years on our school board in Fort

William. I cannot see any outstanding reason for this discussion now, because what has been said here could have been said on legislation that is coming along. In so far as the dominion government handing over any money for the support of education in Ontario is concerned, I shall oppose that strongly until the big surplus Ontario now has is used up for education.

This resolution asks for a reduction in taxation. I do not think it is so urgent after all, judging from my own city. We have another need in Fort William, which is suggested by a resolution that comes from Sault Ste. Marie to the effect that the dominion government spend a little more money in extending unemployment insurance benefits. How are we going to reduce taxes and spend more money? I think we have got to look at things in a common-sense way. Why reduce taxation in one way and extend it in another? I would like to back up the government in extending unemployment insurance. While I know it is on a sound basis, and that it is risky to touch it, yet when men are out of work and their unemployment insurance is running out it is far more important that there should be no reduction of taxation at this time.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, apparently my hon. friend would neglect the children of this country for other purposes. But two wrongs do not make a right. We need this support for these children, for their education; and that is what we are asking for. We are not referring to the conglomerate picture of unemployment insurance. Let us stick to the subject matter, and discuss it on its merits.

Mr. McIvor: Why does not the province of Ontario use up its big surplus?

Mr. Ferguson: Why don't you try to run the province of Ontario?

Mr. R. R. Knight (Saskatoon): Mr. Speaker, the hon. member for Fort William (Mr. McIvor) has said that he would not support any of these moneys coming from the federal government. I would suggest to him that there are other provinces, outside of Ontario, who are not in as fortunate a position, financially.

Mr. McIvor: I am from Ontario.

Mr. Knight: My leader has said a word in respect of my own work in supporting educational grants, and I do not propose to go into that matter today. To my mind this is not the opportune time to do so; but when that time does come I shall have something to say about it.

I think it is fair to say however that some of the municipalities in some of the provinces —and I think perhaps some of the maritime provinces are particularly unfortunate in this respect—have, as it were, reached the end of their financial tether. They do not know how to keep their educational institutions operating. I have been warning this government and the people of Canada generally about the matter for a number of years. The government must be cognizant of the situation. It is a condition which will have to be remedied eventually, either by the present government or by another one. The situation is becoming pretty bad when we cannot even train the personnel required to man our schools. We find that the province of Ontario, to which the hon. member for Fort William has referred—and I see that he is leaving the chamber at the moment—has been unable to train its personnel and, quite openly, is bringing in teachers from Great Britain on a full-time and permanent basis.

I have no objection to this; but I do say that it is a situation which should not exist in this country. I believe Ontario is doing better than some of the other provinces that have dodged the issue and simply lowered their standard, thus letting the system of education deteriorate.

That is all I wish to say at the moment. As my leader has suggested, I have a good deal of information on the subject, but I shall leave any further arguments until some other day. Meantime, if this amendment is in order, I shall support it.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, it seems to me the real question to be decided here is one of priority, to decide what we think is most important. The hon. member for Fort William (Mr. McIvor) does not think there is any urgent need, because of the surplus in Ontario; and the hon. member for Saskatoon (Mr. Knight) has reminded the hon. member for Fort William that there are other provinces in Canada.

I think the leader of the C.C.F. party has made eloquent reference to the importance of the municipality in our life. As we look back we realize that the basis of our living is to a great extent centred in the municipalities. I remember the time when I had the good fortune to be a country member—that is, before a certain unfortunate incident took place. I discovered, to my great interest, the very large number of people in the country who take a direct part in government—government on a smaller scale, if you like. Nevertheless it is government.

I have tried to do some work with pencil and paper, and my figures show that, roughly,

there are two hundred times as many people in the country as there are in the city who have something to do with self-government. In a large city less than a hundred people are directly concerned as members of the city council, the board of school trustees, etc., whereas my mathematics would show that there would be about two hundred times as many in the country for the same population. I think those of us who have not had that experience fully realize what a useful experience it is. We could very well do with some of it ourselves. This all has reference to the municipalities, to their needs, and their importance in our life.

If I might interject something at this point, I would say that we are living in a time when we may be forced to take stock of the basic realities of our political life, to an extent greater than we have before, because we are faced with an extraordinary situation under which those who follow a doctrine which we regard as diabolical, follow that doctrine with a degree of enthusiasm which it seems to me we might do well to show in support of our own beliefs.

Returning from that digression, I should like to read a brief passage from an article by Professor Curtis of Queen's University, as it appears in the *Canadian Journal of Economics and Political Science* for August 1951. In this article he speaks about the importance of municipal government, and says—

Mr. Deputy Speaker: Order. May I remind the hon. member for Greenwood that we are now directing our attention to an amendment moved by the Leader of the Opposition (Mr. Drew) which deals particularly with the exemption of municipal councils and school boards from the payment of dominion excise tax, including the 10 per cent sales tax. I would also direct the hon. member's attention to citation 469 of Beauchesne's third edition which says:

> When an amendment has been moved to the question for the Speaker to leave the chair, discussion should be properly confined to its subject-matter.

I have been following the hon. member with some attention, and I would ask him to direct his remarks more particularly to the subject matter of the amendment before the house.

Mr. Macdonnell: Well, with deference, my answer must be this, that unless I can argue that municipalities are an overwhelmingly important consideration, and that they are in need, I have nothing to say at all. In what I am now saying I am seeking to set out the importance of municipalities; and I propose then to say something about their needs. If Your Honour rules that I am out of order, then I shall have to accept your decision. But certainly my attempt is to stress the importance of municipalities, and to stress their needs; and on the basis of that to stress the need of making this concession to them.

Returning to the quotation from Professor Curtis as it is set out in the *Canadian Journal of Economics and Political Science,* I find he makes this reference to local government:

> I regard it as having a permanent and significant place in our structure of government. It is valuable for the training and interest which it gives to a large number of citizens, making them sources of information and political experience within the community. It serves a useful purpose by keeping many local and controversial issues out of the range of provincial and federal decision. That is, when problems can be settled locally, it means less detail and argument in the administrative and political fields of provincial and federal governments.

I want to remind the house of the importance of the municipalities, going back, as the leader of the C.C.F. has already done, to the city states of Greece and Rome and later on to Italy and Germany.

Then I go on to read briefly from a brief of the federation of mayors and municipalities, from which I seek to show the plight of the municipalities and the basic need of coming to their assistance. I read from page 5 of the brief:

> The stringent nature of the revenue sources available to municipal governments constitutes a very real national problem. While it is felt more acutely in the larger cities and towns it also affects and restricts the efficient administration and development of smaller communities. The problem is nation-wide in scope, differing only in degree in different provinces and municipalities. Because it is a national problem, any long-term solution must be sought within the framework of some kind of federal-provincial agreement or broad national policy with respect to the matter. It is certain that the municipal governments themselves cannot resolve the problem for they do not have the power to do so. It is equally doubtful whether all of the provinces, within the limits of their available resources, can find a fully effective solution.
>
> What is needed is a national approach and agreement or policy with respect to what is essentially a national problem.

And later:

> The finance-taxation problems of local governments have been recognized in varying degrees by the provincial governments of Canada. The chief form of aid and assistance that is being provided is in the form of grants and subsidies for both specific and general purposes. While such measures are of substantial aid to municipal governments there is an inherent danger that they may weaken the vitality and sense of local responsibility of municipal governments through increasing dependence on this form of aid. In the long run, dependence upon grants and subsidies means a weakening of local autonomy . . .

I wish to read also a word or two from Professor Curtis, at page 300 of this *Canadian Journal,* because it seems to me he puts his

finger on the very crucial point of the whole business and shows why it is that we have the situation which faces us now in the municipalities:

(1) The rapid growth of the real national income and (2) the full exploitation of income and corporation taxes and (3) a mildly rising price level brought a great bulge of easy public revenues which coincided with a period of increasing demands for public expenditures.

He is referring now to the years preceding 1951. Then he goes on to say:

But now, the continued demands for public expenditures, the problem of defence expenditures, and the impact of rising costs have combined to bring all levels of Canadian government, municipal, provincial, and federal, to an agonized search for larger revenues, either from new or from old taxes. It is at this point that the municipal fiscal position must become a part of the general dominion-provincial picture. The problem must be dealt with as a whole or the pressure will have much the same results in Canada as it has had in the United States, where states and municipalities have developed a truly bewildering multiplicity of taxes. A recent survey showed the following situation with respect to American cities: 259 cities tax gas and electric bills; 196 cities tax gross business receipts; 182 cities tax admissions (theatres, etc.); 113 cities tax automobiles; 89 cities tax retail sales; 62 cities tax cigarettes and tobacco; 39 cities tax gasoline; 34 cities tax alcoholic beverages; 24 cities tax individual incomes; 4 cities tax hotels, occupants.

As Professor Curtis very well points out, we have reached the stage where all levels of government have been brought to an agonized search for larger revenues; but of course in that search the municipalities are comparatively weak compared with the others, and therefore they are coming out much worse than the others.

May I say a word as to municipal growth? In population, from 1941 to 1951, the rural growth was 3·4 per cent; the urban growth over-all, 30·3 per cent.

Mr. Deputy Speaker: Order. I have listened for some considerable time to the remarks of the hon. member for Greenwood, and I feel sure he will agree with me that I have given him every leniency. I do feel that his remarks are of a very general nature, and in view of the fact that the amendment is now before the house he should confine himself, not to the general needs of the municipalities but to the particular need for the elimination of the payment of the dominion excise tax, including the 10 per cent sales tax.

Mr. Macdonnell: Mr. Speaker, my argument for the need of course is the whole position of the municipalities. There is no use in just standing up and saying it would be nice to have the tax burden of the municipalities eased unless I can establish some reason for it. I want to refer very briefly to the growth of population, and then in regard to matters which I feel the municipalities have had thrust upon them, which I do not think are their burden at all, and to give one or two illustrations of that.

As to the growth of population, I wish to draw particular attention to the fact that while the over-all urban growth is 30·3 per cent, on the fringes of the metropolitan centres, such as the city of Toronto, the part outside the original city, the growth there is 66·9 per cent.

The primary responsibilities of municipalities are, I take it, for water, police, roads, fire and education; but actual proximity, the actual impact of other considerations on them, means that they are really forced to subscribe generously to hospitals, for the care of the poor, and to do a good deal for public health and other things as well.

The thing that I want to refer to particularly is roads. One senior municipal official in Ontario said to me the other day that roads were perhaps the greatest source of unfairness to the municipality. He pointed out to me in places like Toronto, where the growth of population has been so great, and where there is tremendous through traffic, how much they have to spend on roads. It interested me very much to learn that in the city of Detroit the city is assisted, in respect to several of the main thoroughfares, by a 50 per cent grant from the federal authority, a 25 per cent grant from the state, and 12½ per cent from the county, leaving only 12½ per cent for the city itself. I suggest that shows the step they have taken to face the situation there, and the utterly unfair burden which is still being left on our municipalities and for which we are asking this measure of relief. I refer again to the agonized search for new revenues. We can understand how limited are the chances of the municipality in trying to extend its taxation rights. The dominion assuages its agony very easily by taking new taxes out of us; the municipalities have very much greater difficulty.

I should like to say a word as to the effect of this financial stringency in the municipalities on welfare work. There is no doubt that the municipalities, with their tremendous expanding services for schools, housing developments and so on, are cramped in looking after other things. For instance, the employable unemployed come back on them in a good many instances. They have increasing dependency and juvenile delinquency as a result of inadequate welfare work. In many ways the position of the municipalities is such as to hamper welfare work and bring about certain deteriorations in civic life.

Another point which has arisen is the extreme disparity in provincial assistance. One of the provinces—and this is a "have not" province where people are not so well able to look after themselves—leaves it to the municipality to carry the whole welfare load itself. As it was put to me, it was practically like the old Elizabethan poor law. On the other hand, another and well-to-do province pays 80 per cent of the relief. Therefore you have those least able to help themselves left with this burden at the bottom of the heap.

It is no answer to shrug off the municipalities. With all due deference, I think the Minister of Finance (Mr. Abbott) is inclined to do that. The municipalities are greatly handicapped in obtaining any new revenue. Real estate has to bear practically the whole load. Real estate raises 85 per cent of municipal taxes, and it is a burden which becomes heavier and heavier.

Therefore, Mr. Speaker, it all comes back to a question of what we really want, and what we believe is important. Is it more important to have 55 economists in the Department of Agriculture or, including the minister himself, who I think is no mean economist, perhaps we should say 56? Is it more important to have 56 economists in the Department of Agriculture, or to have better rural schools in some provinces which are finding it very difficult to meet the demand? Is it more important that the Minister of National Health and Welfare (Mr. Martin) should give us a picture of the Robertson family going to the dentist, or that the potholes in the streets of Ottawa should be made less deep than they are now?

Mr. Martin: That whole question, of course, is decided largely by the provinces.

Mr. Macdonnell: Yes, in conjunction with the minister who, I am sure, has the same eloquent speeches ready for them as he has for us.

So, I come back to where I began. It is a question of what we think is really urgent. It is quite true the Minister of Finance has not the same easy surplus that used to rejoice his heart, but nevertheless we have no right to penalize those who are not able, under our constitution, to look after themselves as they might. I therefore hope, Mr. Speaker, that this resolution will receive consideration from the house.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to suggest to the house that consideration be given to the vicious nature of this tax, which can be seen if we take a moment to follow it through. Under the terms of the amendment which is now before the house, we are discussing the payment of dominion excise taxes and the general sales tax by municipalities, school boards, and so on. As has just been pointed out by the hon. member for Greenwood (Mr. Macdonnell), about 85 per cent of the revenues of municipal corporations are obtained through the medium of real estate taxes. Hon. members are fully aware of the nature of the sales tax. As we have pointed out on many occasions it is not a tax levied on the basis of ability to pay, which we think should be the principle underlying any fair taxation program. Here you have a tax which is levied on something other than the ability-to-pay basis, which the municipality has to pass on, again on a basis which is not strictly according to ability to pay. This unfair sales tax which municipalities have to pay is in turn levied on the holders of real estate within the municipalities. In other words, it seems to me you have here the case of a tax, which is not on an ability-to-pay basis, being compounded into another tax which is not on an ability-to-pay basis, and in that vein to me it is most unfair.

It means in effect that educational supplies, equipment, and all the things necessary for providing a multitude of services to our people in our cities and municipalities across this country result in a land tax having to be paid so that the municipalities can pay a sales tax. Again I would emphasize the fact that both these taxes depart from the fairest principle in taxation, namely, that taxes should be levied according to the ability to pay.

In some instances this sales tax, which a city or municipality has to pass on in the form of a real estate tax, is a tax on rented property, and in some of those instances the landlord effects a mark-up on that tax which he collects from the tenant. I realize we are discussing a very small proportion of the taxes paid by the owners of real estate in our municipalities, or a very small proportion of the taxes paid indirectly by those who rent homes in our municipalities. But nevertheless the principle is surely quite evident, namely that we are compounding one unfair tax on another, and in some instances providing for a mark-up on that tax. Surely the fairest thing all round would be for the federal government to cease collecting excise and sales tax from our municipalities so that the passing on of tax in this unfair way could be avoided.

It is sometimes put forward as an argument by members on the government side, when they feel it is necessary to defend a tax of this kind, that the money has to be found

somewhere. It is always very interesting, of course, to hear government supporters defend the status quo while it exists, then boast of the fact that the situation has been changed when the government some day sees the light. At any rate, it is a fair question. If this sales tax on municipal purchases could be suspended and the exact amount of money lost in that way had to be made up, where could the government get that money? Well, even if it meant collecting more money by means of income taxes or corporation taxes, and even if government supporters were to argue that that means collecting money from the same people, namely the citizens in our cities and municipalities across the country, then I would emphasize the point that in that instance the government would be collecting the money on a fairer basis to the extent that the money which is collected directly in income tax from our people would be paid on a graduated basis, a basis of ability to pay. That is a much fairer method than this vicious sales tax which is collected by means of real estate taxes, and mark-ups in the case of rents where those real estate taxes are paid on owners' rented property. On all counts a graduated income tax is much fairer than the method now in effect.

I certainly hope, whatever happens in regard to the procedural aspect of the amendment we now have the privilege of discussing, that the government will one of these days pay attention to this very justifiable plea made so often by the municipalities of this country, this justifiable plea which is being made from the opposition side of the house today, and that they will do away with the business of requiring municipalities and school boards to pay these unfair excise and general sales taxes.

As the government knows, and as people generally know, some of us feel the time has come to take a much broader crack at the whole question of sales taxes. We feel they should be reduced across the board. However, as Your Honour has pointed out that the subject before the house at the moment is limited in scope, I have risen for just these few moments to emphasize the vicious nature of the sales tax when it is applied to municipal and school board purchases, and to urge the government to accept the principle set out in the amendment which is now before the house.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I have not been more convinced at any time of the value of service in some municipal capacity before entering parliament than on the occasion of a debate of this kind. Members of this house who have had municipal experience, whether in municipal councils or school boards or both, will have a fundamental appreciation of the problem that may not strike others quite so forcibly.

The fact of the matter is that the municipalities in this country—and this applies to the municipalities in all provinces—are sorely in need of a better deal than that which they now enjoy under existing constitutional arrangements. Since 1867 there has been virtually no change in the constitutional formulas as applied to the municipalities, whether on the side of their responsibilities on the one hand or on the side of their revenues on the other. But while these constitutional formulas have remained virtually unchanged for 87 years, there has been not simply a steady increase in municipal responsibilities but a mounting multiplication of them and the attendant financial burden.

I do not propose to review the ground that has been amply covered in this debate, particularly in the remarks of my colleague the hon. member for Greenwood (Mr. Macdonnell), as to the specific responsibilities of the municipalities. I suppose no one of those responsibilities has increased more rapidly in cost than has the responsibility of providing schools. It repays anyone holding public office at any level of government to sit down and examine the rise in school costs over the period of the last 30 years. These costs have mounted literally by leaps and bounds. The public requires and is demanding newer and better schools. On every hand, with the development of the country, increase in population and shifts in population, new schools are being built in response to public demand and to necessity, at a rapid rate. The cost of construction today has outstripped anything that has been known in our past.

In the province of Ontario I suggest there is not a school that is being built today or extended of which the cost runs much less than $30,000 a room. In addition to that cost, there is the great burden of providing maintenance of school buildings and of paying the salaries of those who are employed in the school system. This burden has fallen on the municipalities with increasing weight. It is quite true that in some provinces, like Ontario, for instance, the provincial government has come to the assistance of the municipalities in helping them to meet their costs of providing schools and school facilities. But, Mr. Speaker, in the whole field of education in Canada, the burden the municipalities are carrying is one that is entirely disproportionate to their means.

Just in the last generation there has been the whole problem of providing for those

who are said to be unemployable. Then there are those who are today the employable unemployed for whom no provision is being made except at the expense of the municipalities. Time and again appeals have been made to the Minister of Labour (Mr. Gregg) and to the government to face up to this increasing problem, which is quite acute in the larger areas, of providing for the employable unemployed. Yet, Mr. Speaker, the federal government continues to deny any responsibility. These unemployed are on the doorstep of the municipality and they cannot be allowed to starve. The municipality therefore makes provision for them.

There are also the problems of those social agencies which are connected with the municipal government and which have helped so much to provide relief in these cases to which I have referred. There is the increasing burden of providing hospitalization. Although the provinces have increased their contributions to the building of hospitals and also to the per diem costs of providing for patients, nevertheless the municipalities continue to bear a too heavy share of this increasing burden. Mention has been made of the cost of constructing roads. I need not repeat what has been said on that matter.

All of us will have in mind, I know, the extent to which the housing problem has for many years now been thrown in large measure on the municipalities. Particularly in the metropolitan areas where growth has been extremely rapid and the housing problem has been most acute, the burden of providing municipal services has been cast largely on those municipalities. In some of them the problem has become so acute that the municipalities have virtually been obliged to discourage house construction and land subdivision because they could not cope with the problem of providing costly municipal services for the land.

On every hand, Mr. Speaker, the experience of the municipalities has been one of confronting rising costs. If one measures the scale of increase over the past 30 years, one can only describe it as a multiplication. At the same time within that existing constitutional formula to which I have referred there has been no increase of assured revenues to the municipalities. The municipalities are functioning today with the same tax base as that which existed in 1867, and virtually with land taxes as the only source of revenue. There are some minor sources such as licence fees and that sort of thing but they are not material in relation to the total.

The hon. member for Greenwood has stressed the undesirability of providing subsidies. There is much to be said on that subject, Mr. Speaker. Here, however, we are dealing with an aspect of the problem which is pressing and urgent and which illustrates the utter unfairness of the way in which the federal government is proceeding to exercise its taxing powers. For the municipalities—and this applies alike to the municipal councils and the boards of education which must levy through the municipal councils—the base remains virtually the same as it was 87 years ago. The taxes that the federal government applies to the municipalities are hidden taxes. It is a thousand pities that those taxes are hidden. If the citizens of the municipalities were fully aware of the way in which they are being taxed by the federal government there would be an uprising of an outraged public opinion. But as in so many other respects, the federal government applies its taxes in this subtle manner. They are hidden. The taxpayer does not realize or is not conscious of the full weight and the unfairness of them. Every sales and excise tax that the federal government is today collecting from the municipalities is hidden. That is one of the fundamental curses of these anomalies in the constitutional powers of taxing that are being exercised in this country.

The federal government, with its abundant sources, should be devising ways of helping the municipalities to meet these urgent demands for necessary but costly services which they are financially unable to provide. On the contrary, the federal government is not only not helping the municipalities but it is actually levying taxes upon the municipalities.

How can it be said that there is anything inherently wrong in the principle for which I am contending or that there is any insuperable administrative difficulty in applying it when we see in existing federal legislation provision for exemption of purchases made by provinces? If you will have regard, Mr. Speaker, to the provisions of the Excise Tax Act you will see that in sections 45 and 46 clear provision is made for the exemption of goods imported by Her Majesty in the right of any province of Canada for certain purposes, with the exception of three. These three exceptions to the general rule of exemption of provincial purchases are in respect of goods purchased for these purposes:

(a) resale;

(b) to be used by any board, commission, railway, public utility, university, manufactory, company or agency owned, controlled or operated by the government of the province or under the authority of the legislature or the lieutenant governor in council; or

(c) to be used by Her Majesty or by her agents or servants in connection with the manufacture or production of goods or to be used for other commercial or mercantile purposes.

There is a strong case to be made out for treating municipal corporations and commissions which are engaged in any commercial enterprise on the same basis in respect of federal taxation as similar organizations operating under private ownership. But, Mr. Speaker, as to the fundamental principle here, I say that we have in the sections to which I have referred a clear recognition of a principle that the federal government ought not to levy the sales and excise taxes provided for in the Excise Tax Act upon provincial governments. Why is the line drawn there? If it is sound that provincial governments be exempted from federal sales and excise taxes upon their purchases, why should the principle not have equal application at that municipal level of government where the need is very great, where financial pressure is stringent today?

The same principle is not recognized in the Excise Act but there, Mr. Speaker, you will recall that the act applies to the products of distilleries and breweries, tobacco and alcohol in various forms, things which municipalities are not normally purchasing. But in the sections of the Excise Tax Act that I have read we have the recognition of a principle, a recognition that emanates from a sense of fairness and a realistic appreciation of the needs of the provincial governments. At the municipal level the need is even more acute today.

What is the extent of the problem? How much is the federal government collecting today in taxes from municipalities, from municipal councils, school boards and boards of education? I do not believe anybody knows. I do not believe any attempt has been made to ascertain the total that is being collected year by year in this way. Some municipalities have made calculations. This afternoon the Leader of the Opposition (Mr. Drew) referred to a calculation made by the municipal authorities of the city of Montreal. Their estimate was that through these taxes the municipal corporation is paying into the federal treasury year by year a sum of about $300,000 annually. I may add that the city treasurer of my own city of Toronto has estimated that the city, through purchases made by the municipal council and by the board of education and separate school board, is paying a total of approximately $500,000 a year in taxes into the federal treasury. It is a shocking state of affairs that this federal government, with all the ample sources of revenue open to it, far from assisting municipalities, handicapped as they are by meagre resources, rising costs and multiplying demands for services, should actually be levying vast amounts in taxes from these municipal treasuries.

Let us not have offered to us today the hoary excuse, the hoary pretext of administrative difficulties. If administrative difficulties were not permitted to stand in the way of the exemption of provincial purchases from federal sales and excise taxes, then certainly there is no case to be made out to justify any refusal to extend that exemption to purchases made by municipalities.

This is an urgent problem. Municipalities from one end of the country to the other are crying for assistance in the form of a realistic approach to their constitutional difficulties. There must be, in my submission, an opening of the eyes of the federal government to the way in which they are increasing the burdens and the difficulties of the municipalities. The time has come for action. Among all the anomalies, among all the injustices in the federal tax structure today that are crying out for reform, none is more pressing than the one we have been discussing this afternoon and which is the subject matter of the amendment, the iniquitous imposition by the federal government of taxes upon our municipal governments in the form of municipal councils, school boards, boards of education and other municipal organizations.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, regardless of what the ultimate disposition of the amendment before us may be, I think this is a matter that is worthy of discussion. The preceding speaker has mentioned that those members of the house who have had municipal experience will perhaps realize the difficulties of the municipalities better than those who have not had such experience. I am in the fortunate position of having had experience on both a school board and a city council. Because of that experience I seldom fail to read items in the daily papers that have reference to municipal and school board matters. In that way I think I keep fairly well in touch. In addition, when I get my city tax notice considerable information is sent with it as to the taxes collected and what is done with them.

I agree with those who have spoken that the plight of the municipalities is a real one. Of the three levels of government, municipal government in its various aspects is the one that is closest to the people. It is the one that has to deal with the people's problems first.

For instance, I see the Minister of Citizenship and Immigration (Mr. Harris) doing me

the honour of paying attention, so I shall just take an example that touches on his department. His department brings in a family of immigrants, a husband, a wife and three or four children. They settle in a city. If the husband is able to find employment, the minister is well pleased as that is one difficulty that has been met so far as his department is concerned. However, it is really then that the problems of the school board, for instance, commences because they have to find school accommodation for three or four new pupils. While ultimately these immigrants are going to be an asset to the country, at this time they become a real problem to the school boards across Canada.

Then let us consider the matter of health for a moment. If the immigrant to whom I referred becomes ill, the first duty of looking after him falls upon the municipal authorities. The minister shakes his head, but despite anything else that may be done for the immigrant, it takes a little time and during that time lag the city has to provide certain services. Then, the hon. member for Eglinton (Mr. Fleming) referred to the matter of housing.

After mentioning school accommodation and health requirements, there is this question that has been mentioned, unemployment, and here again the municipality has had to pay out considerable funds this year to look after those who have been affected by the unemployment situation. These are things the municipalities have to do, because if they do not provide for the people in one way they may have to provide for them in another. If they do not provide schools, hospitals and housing, they will have to provide jail accommodation, juvenile courts and that sort of thing. The problem of our increasing population falls, therefore, first on our municipal councils.

In the matter of education, the situation is becoming extremely serious. I know that is the case in my own province of British Columbia. We believe we have as good a school system as any that can be found in Canada. As a matter of fact, we are quite proud of it. During the last several years the incidence of taxation on property owners for school purposes has reached the point where the property taxpayer cannot do any more. There is grave danger now that our educational standards will have to be lowered. Perhaps all these things have been said by others during this debate, and if I am repeating them now it is merely for emphasis.

I feel the time has arrived when the representatives of the three governments should sit down together and decide upon some more equitable distribution of the taxes that are paid by the people of Canada, whether in their capacity as municipal taxpayers, provincial taxpayers or federal taxpayers. They are the same people. At the moment I do not wish to take perhaps the extreme position that was taken by the hon. member for Eglinton, but I cannot believe that the federal government can say that education is a provincial matter and is no concern of theirs. I do not think it is enough either to say that the municipalities are the creatures of the province, and consequently, are not a federal responsibility.

The point that we must get over is that we are dealing with the problems of the same people, whether they pay their taxes or require services as residents of a municipality, residents of a province, or citizens of this Dominion of Canada. Who is to say, "well, it is too bad if you cannot find the taxes for education; it is too bad if you cannot find the taxes for hospital services or for looking after the unemployed, but that is really not our problem". These are problems of the people of Canada, and the people of Canada are represented in this parliament. Every problem that is a problem of the people of Canada is a problem of this parliament, whether under our constitutional set-up at the moment we have direct responsibility for looking after it or whether responsibility has been given to some other governmental organization that we have created.

I am sure that ultimately the people will not take it for granted nothing can be done about their problems because the government with the largest amount of resources is not going to look after this problem. There will be a demand that this government take a look at the picture as a whole, and leave to each level of government sufficient funds to enable it to discharge the responsibilities it has been given. If there are not sufficient funds to do everything we want to do, then we shall have to establish some system of priorities and decide which are the more essential things. The people of Canada, discussing these matters through their various governments, will decide how these taxes are to be allocated and what services are to be provided. Perhaps this is a situation for which no one in particular is responsible. It has grown and developed within our system of government, but we should endeavour to ascertain our collective responsibilities and then discharge them.

Mr. A. H. Hollingworth (York Centre): I rise to make a few comments, mainly because of an article I saw in this morning's *Globe and Mail* that my constituency of York

Centre, which is comprised mostly of North York, is opening four more public schools this fall. I note that there are 48 public schools already in operation with 589 classrooms, including 20 basement classrooms and 68 portable classrooms. I am quite aware of what the hon. member for Eglinton (Mr. Fleming) has been saying about the need for some kind of relief in connection with the school problem, particularly in the growing municipalities outside the metropolitan area.

I should like to point out what the hon. member for Eglinton did not point out—as a matter of fact, he seemed to avoid it—that the municipalities are the creatures of the provinces. This point cannot be stressed strongly enough. I thought it was rather strange to hear from him that we were doing nothing to help the municipalities, when obviously, as a man who is familiar with constitutional law he should be the first to realize, it is not within our province to look after the municipalities. The direct responsibility is with the provinces. That is something he skipped over very lightly.

Then, of course, we are helping the provinces. In 1951 the Municipal Grants Act was passed; and on the order paper at the present time we see that the subject matter is mentioned again, and that the benefits will be extended. That is something that should be stressed. It would seem to me that within its jurisdiction the federal government is doing a great deal to help the municipalities. I would also point out that, indirectly, municipalities are helped by the tax rental agreements. My understanding is that in 1953 Ontario was granted about $124 million and that in 1954 the amount will be larger.

It is significant also that Ontario had a sizeable surplus, which presumably in part resulted from the tax rental agreement. It seems to me logical therefore that Ontario should help the different municipalities from its surplus. That was one of the important aspects of the tax rental agreement. With the tremendous number of schools being erected it seems to me that is a logical way in which to spend that money.

The municipalities are not looking to the federal government for assistance. It may be that they are to some extent, but certainly not primarily. They are looking to the provinces, where the responsibility lies. Consequently I suggest that we cannot speak glibly about what the federal government should do for the municipalities. It has shown that it is interested in their problems by granting relief in connection with road-building machinery. Primarily however the problem is that of the provinces concerned; that is something we should keep in mind constantly.

Mr. Claude Ellis (Regina): Mr. Speaker, there are one or two comments I should like to make at this time. The last speaker made much of the oft-repeated statement that the municipalities are the creatures of the provinces. I suggest however that we must take into consideration the great changes that have taken place since the time of confederation. I do not think anyone would suggest that the conditions existing in 1867 were those of today. While it was quite true that in all their wisdom at that time the fathers of confederation saw fit to place certain responsibilities in certain quarters, anyone who wishes to view objectively the changes that have taken place since that time must realize that some of the responsibilities cannot be met adequately with the taxing and fiscal powers possessed by the junior governments.

I believe it is recognized today that many of the problems which formerly were looked upon as municipal or provincial are now considered national in their scope. I do not think anyone can view education as being the problem of any particular part of Canada. We have a very serious shortage of teachers in this country, from one end of Canada to the other. I do not think the shortage is confined peculiarly to any one province.

Then the health needs of Canadians are national in their scope. We do not find any particular part of Canada in a position to take care of those health needs. I suggest therefore it is absurd to dismiss the suggestions made simply by saying that after all under the British North America Act the provinces were made responsible for municipal government within their boundaries. To take that view one would have to ignore completely the developments that have taken place in Canada in recent years.

I know that in my own province one of the most onerous responsibilities of municipal government is the construction of market roads, just as it is the great job of any provincial government to build the highways. We know that the federal government derives a great amount of revenue from the taxation levied against new automobiles. Were it not for the fact that the provincial governments are building highways and the municipal government are building the market roads, no automobiles would be purchased. And if it seems logical that provincial and municipal governments should take care of their road-building problems, then by the same token the federal government should be prepared to leave to those junior governments the full revenue that might be derived from the automobile industry. It seems somewhat inconsistent to be told that certain responsibilities

should be borne by the municipal governments when at the same time the federal government is deriving a great deal of revenue from taxes on the sale of automobiles, when such revenue would not be available were it not for the expenditures made by the junior governments.

I believe it is recognized that Canada's health needs are nation-wide. We cannot expect that our junior governments will be able to bear the full burden in these matters. I am thinking of our medical college now being completed in Saskatchewan. It has been estimated that when we begin graduating doctors from that college, in addition to the sums of money paid by way of fees by the students it will cost the provincial government somewhere in the neighbourhood of $10,000 for every doctor who graduates. In many cases those doctors will serve in various parts of Canada. The fact that in a time of war their services are urgently needed by the armed forces indicates that the federal government has a direct responsibility in this field. Consequently any relief it can provide to the municipal and provincial governments is to be desired on that account.

Then, as to education. As a teacher I am fully aware of the great need for granting some assistance for the educational authorities in Canada. I repeat that when in 1867 the fathers of confederation, in their wisdom, set up a certain relationship of powers and responsibilities as between the provincial and the federal governments they could not foresee the great need in future years for an extended educational program. Certainly no one can argue today that if we are going to have the type of educational program across Canada we feel we should have it would not require the co-operation of all governments.

How is this going to be done? For some years in this group we have argued in support of some form of federal aid for education. We feel that if the problem is going to be met and if we are going to provide an adequate number of teachers at proper salaries, and if we are going to have adequate plant equipment and more extended educational opportunities, there will have to be federal participation in a manner such as to leave no suggestion of any attempt on the part of the federal government to encroach upon the rights of provincial governments to provide education in their respective provinces. We do feel however that this can be done, and that the federal government could provide some measure of aid to the provinces in the matter of education.

Now, what we have been talking about this afternoon is not something direct. We are simply suggesting that this is certainly one manner in which some assistance can be given education without in any way encroaching upon the rights of the provinces to control and manage their own educational system. Because if the federal government grants a proper and adequate measure of relief in so far as taxes are concerned to school boards, then I suggest that it will indirectly be making a contribution, small as it may be in scope, toward education in Canada. Therefore, I am suggesting that in the light of the arguments that have been advanced this afternoon a case has certainly been made for the government to give consideration to granting some measure of tax relief to school boards and to municipal governments in Canada in order that they might more effectively carry out the duties that we expect of them in Canada at the present time.

Mr. Speaker: At this time I am ready to discuss the point which was raised earlier with respect to whether the amendment is in order. I regret that the mover of the amendment is not in the house at the moment. If other hon. members wish to speak, I can delay rendering a decision.

Some hon. Members: No.

Mr. Speaker: Perhaps he will be here shortly. In any event, the remarks that were made either by myself or by the hon. members who participated in the debate on the point of order—perhaps I should say mostly the remarks made by hon. members, not by myself—have thrown some light on the subject.

I have examined the remarks of the Leader of the Opposition (Mr. Drew) in the light of the speech which he made on the motion for a committee of ways and means when the budget resolutions were introduced, and by comparing the two speeches and the amendment which was moved by the hon. member for Greenwood (Mr. Macdonnell) on that occasion I find that the subject debated today and included in this amendment was debated on that occasion. It was also included in the amendment moved by the hon. member for Greenwood which was defeated by the house.

The Leader of the Opposition moved today that:

> this house is of the opinion that consideration should be given to the introduction of legislation which would provide for the exemption of all municipal councils and school boards from the payment of dominion excise taxes including the 10 per cent sales tax.

In his speech he dealt with the agreements of 1942 under which the municipalities, together with the provinces, gave up certain taxing fields. He dealt with the burdens of

municipalities having to do with civil defence, two subjects which he dealt with when he spoke on the budget. Then, he referred to the difficulties of municipalities with respect to housing. The house will remember that we had a discussion on housing earlier in the session, and no doubt those points were also made. The amendment moved by the hon. member for Greenwood on April 12, 1954, contained, among others, this paragraph:

(f) has failed to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal council may have adequate financial resources to carry out their rapidly increasing responsibilities.

If the Leader of the Opposition will go over with me the last part of his speech which appears at pages 4383 to 4387 of *Hansard* I think he will agree that many of the points covered today were covered by himself then. I think he will agree with me especially that in his understanding of what the vote would mean, he said, and I quote from page 4387 of *Hansard*—that hon. members:

...will also be voting in support of the proposition that nothing now be done to attempt some method of meeting the urgent needs of the municipalities whose tasks are increasingly heavy at this time and who need consideration as much as do any government authorities in Canada.

Prior to that he had been dealing with the same subjects that he dealt with today, as will be seen in the pages of *Hansard* that I have mentioned. If I look at the attitude of my predecessors for help in similar circumstances I will be forced to say that an amendment of this type cannot be moved at this time. On Thursday, November 24, 1932, a motion was made for the Speaker to leave the chair for the house to go into committee of supply. An amendment was moved by Mr. King, seconded by Mr. Casgrain, as follows:

This house is of the opinion that the government should immediately announce what policy, if any, it has with respect to the relief of agricultural distress, and permit full consideration of the same before parliament adjourns over the months of December and January.

Mr. Speaker Black said:

The motion before the house is that the Speaker leave the chair for the house to resolve itself into committee of supply. An amendment concerning agricultural conditions in Canada and agricultural relief has been offered. The point of order has been raised that the amendment is out of order on the ground that it again introduces matter that was debated and disposed of when the right hon. Leader of the Opposition on October 10 moved an amendment to the address including the words: "the government has wholly failed to afford a remedy for agricultural distress." Whatever the object of the amendment may be and whether it concerns past, present or future policy of the government seems to me to be beside the point. The question for the Speaker to consider is: Has the matter raised by the amendment been discussed and debated? The subject matter of the amendment now proposed was undoubtedly discussed and debated upon a former occasion, and to allow a discussion of this question now would be simply to repeat the debate that has been held on agricultural conditions. The amendment moved has not been accepted by the government, and so is a motion of want of confidence. This house refused to condemn the government's policy on agriculture by rejecting the amendment to the address. In view, therefore, of that decision and in view of the precedents I find this amendment, which deals with the questions of agricultural conditions and agricultural relief, to be not in order.

On the same subject, Mr. Speaker Black on Tuesday, November 22, 1932, took a similar line in a similar case, and so did Mr. Speaker Glen, on March 29, 1943, as may be found at page 213 of the *Journals* of that year. The amendment at that time was:

This house desires to record its opinion that before the marketing policy announced by the Minister of Trade and Commerce on January 29 with respect to the 1943-44 crop is put into effect it be revised to bring it into conformity with the needs of agriculture, so that the latter may be enabled to make its full contribution to the war effort.

Mr. Speaker ruled the said amendment out of order on the ground that the adequacy of the government's agricultural policy had already been considered by the House, which had rejected the amendment moved by the Leader of the Opposition to the address in reply to the speech from the throne and, moreover, the said policy providing payment of $2 on each acre less seeded to wheat in 1943 than in 1940 was a financial policy which could not be disturbed by a private member's motion.

In 1949 Mr. Speaker Macdonald ruled out an amendment along the same lines because it did relate to several items which appeared under the heading of "Marketing services" in the estimates. I am dealing with another ground. The first one is that in the amendment moved by the hon. member for Greenwood the subject matter of the present amendment was fully debated and decided by the house in the negative. There is on the order paper now a budget resolution which says that the sales tax on the following goods be repealed. This reads:

(c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks;

Now, citation 467 of Beauchesne states it shall not relate to any budget resolution or to any item in the estimates. I was worrying as to what the word "relate" meant, and whether it offered any scope. It appears to me, on examining the precedents, that the relation need not be a very close or direct one. If the subject matter of the amendment comes under the same heading as that which is dealt with in the ways and means resolution, in the estimates or a bill on the order paper then it has been held to be related.

I see some hon. members do not agree with me. Well, the hon. member for Winnipeg North Centre (Mr. Knowles) on one occasion moved an amendment on a motion to go into supply and that amendment had to do with income tax. On that occasion, as reported at page 1489 of *Hansard* for November 7, 1949, Mr. Speaker Macdonald, quoting citation 467 of Beauchesne's Parliamentary Rules and Forms, third edition, said that an amendment to the motion to go into supply cannot relate to any resolution to be proposed to the committee of ways and means. He continued:

> At the present time there is on the order paper, appearing in the name of the Minister of Finance, a resolution to amend the Income War Tax Act and the Income Tax Act which is to be proposed to the committee of ways and means, and as the amendment of the hon. member for Winnipeg North Centre also relates to the Income Tax Act, it would appear to be irregular in view of the aforementioned citation 467.

This would also be related—

Mr. Knowles: But the Speaker allowed it.

Mr. Speaker: The hon. member said "The Speaker allowed it". But his concluding paragraph is this:

> Notwithstanding what I have said, in view of the fact that such an amendment might be in order after the budget resolutions are disposed of,—

Which is not the case now.

> —and also because there has been considerable debate on the proposed amendment,—

This could be said of the proceedings today, but I will suggest another move after I am through.

> —I feel that it would expedite the business of the house if the proposed amendment were entertained and disposed of at this time. In reaching this conclusion, I should like to emphasize that this should by no means be regarded as a precedent to be followed on future occasions.

Apparently that is the message he left for me on that occasion. Hon. members will find another ruling of Mr. Speaker Macdonald made during 1950 at page 47 of the *Journals* for February 28 where he also dealt with a borderline case and allowed the amendment. However, he did not wish his decision on that occasion to be taken as a precedent.

Now, on these two grounds: (1) that the matter contained in the amendment was already debated and decided upon by the house when the amendment moved by the hon. member for Greenwood on the budget was negatived; and (2) on the ground that the amendment on the motion to go into supply should not relate to a ways and means resolution which is on the order paper, I cannot, as hon. members will realize, agree to allow the amendment.

It often happens that when an amendment offered to the motion to go into supply has been debated at some length hon. members ask that the amendment be withdrawn. I can quote several precedents to that effect. If there are any reasons why hon. members believe that my ruling on this occasion, notwithstanding the short but attentive study I have given to it, might be a precedent which would endanger their future position it might be advisable for them to take this course and by leave withdraw the amendment.

On the other hand, if hon. members wish the ruling I have made on this occasion to remain on record as being either a good or a bad one I have no alternative, in the light of the precedents I have quoted, to declare the amendment out of order.

LIVESTOCK—REQUEST FOR FLOOR PRICE

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, before Your Honour leaves the chair I wish to discuss a matter of importance, and I might say at the outset that the amendment which I shall move eventually has been prepared by a well known parliamentary authority, namely the hon. member for Winnipeg North Centre (Mr. Knowles). The hon. member has a very good memory and a great deal of respect for the decisions Your Honour has made, as well as for those of previous Speakers, and he has assured me that the amendment I propose to move is in order.

The plight of agriculture is a matter which concerns not only my own riding but all of Canada, but on this occasion I propose to confine my remarks chiefly to the problems confronting livestock producers. I would like to refer to two briefs which were presented, one to the government and the other to the Minister of Agriculture (Mr. Gardiner), by the Interprovincial Farm Union Council of Canada in regard to what has taken place in our livestock industry during the past two years, and both of which cast serious doubts on the efficiency and justice of the present marketing system.

One brief points out that the prices paid for cattle in Montreal in 1951 amounted to $24.82 compared with $14.31 in 1953. In Toronto the price dropped from $29.70 in 1951 to $17.34 in 1953, and in Winnipeg the price dropped over the same period from $27.40 to $14.70. These figures underline the decrease which took place over a period of 24 months.

An hon. Member: Hurrah!

Mr. Nicholson: I am sorry to hear an hon. member say "Hurrah" because this is a matter which concerns his constituents and

all hon. members must, I think, be concerned about the drop in the return earned by any group of primary producers, particularly to the extent of 43 per cent over a two-year period. If one takes into account the increase in the cost of living for farmers during that period then the drop is more in the nature of 50 per cent.

One of these briefs points out that in Canada we consume about 95 per cent of our meat production, and it would not seem reasonable that the five per cent we export should be responsible for the ups and downs in the price of meat products we have experienced over the last few years.

The brief also points out that at the beginning of the century we had 1,278 cattle per thousand population in Canada, compared with 784 in 1953. It is very difficult to understand why we should find it impossible to produce as many cattle per thousand people in this day and age, especially in view of all the experimental work being done in our agricultural colleges. I believe we should be able to increase our production until it meets the levels attained at the beginning of the century. At any rate the situation is so serious that the interprovincial farm union decided that a special brief should be presented to the Minister of Agriculture. In this brief the following proposal was made:

> 1. Effective implementation of the Agricultural Prices Support Act to provide adequate floor prices to the producer determined by a recognized formula on all classes and kinds of livestock;
> 2. Appointment of a federal board of livestock commissioners; and
> 3. Calling a national marketing conference to discuss and explore the possibilities of assisting in a federal livestock marketing program.

So much for this farm organization. I should like to make reference to the views expressed by the Canadian Federation of Agriculture. Their brief presented to members of the cabinet on February 19 of this year points out:

> The relative over-all economic position of agriculture has been on the decline during the past two or three years, with farm prices reduced substantially, and with farm costs virtually at an all-time peak. The future, in farmers' eyes, is uncertain, and the word "surplus" is, with reason, increasingly heard. We need the machinery for a strong policy of orderly marketing and assured price supports for agricultural products in the home market, and a more adequate international program for expansion of trade and the disposal of burdensome surpluses.

In their brief they also have the following point:

> We would urge increased use of the Agricultural Prices Support Act—a key feature in our national agricultural policy.

Then in some of the releases from the federation of agriculture I find that a total of 189,000 farmers in Canada filed income tax returns but only 61,670 were found taxable. The bureau of statistics informs me that we have about 623,000 farm families in Canada. These figures would indicate that about 10 per cent of the farmers in Canada are receiving income sufficient to pay income tax. I think these figures explode completely the fallacy that the Canadian farmer is rolling in wealth. If agricultural products are selling at high prices in the stores—and they have been doing so in some places—the farmer certainly has not been getting the cream of the production. With 10 per cent paying taxes you have a very small percentage who are receiving their cost of production.

The federation also presents a table pointing out that in 1953 the farmer income position in Canada is more serious than it has been for many years. In 1926 the farmer received 14·8 of the total national income. By 1946 the figure was 11·3 per cent. In 1951 it was up a little bit to 12·3 per cent; but by 1953 the percentage was down to 8·7 per cent. With roughly 20 per cent of our people classified as farmers, having 8·7 per cent of the national income going to such a large group certainly is not a fair distribution of our national wealth.

Another federation release tells about the net cost of price support in Canada. It has been small, it is said, compared with what the United States government has spent. The release states:

> Net cost of all price support programs for agricultural products over a period of six years, from 1946 to 1951 inclusive, was only $10,306,000 . . .
> Under the special "disaster" program in livestock, the net cost in pork to the government up to March 31 last was $7,889,493.73, and the net cost in beef was $24,208,595.98.

That was as a result of the foot-and-mouth disease. But taking into account the net cost of the foot-and-mouth disease support program of approximately $32 million, with the net cost of the other price support program of approximately $10 million, it amounted to a total of approximately $42 million.

In the United States there is a far different story. I have here the 1953 report of the president of the commodity credit corporation. In the United States they have been supporting wheat. Over a billion dollars was spent in 1952 supporting wheat. Other commodities include cotton, cottonseed oil, butter, dried milk, cheese, tobacco, wool, flaxseed and peanuts; and what they paid for peanuts really is not peanuts. In 1952 $12 million was paid and in the previous year $73 million was paid to support the production of peanuts in the United States.

Livestock—Floor Prices

One further report from the federation of agriculture sets out what the farmer's position has been during the period from 1949 to 1953. His taxes have gone up 16·4 per cent; farm wages have increased 22·6 per cent; farm machinery, 25 per cent; building materials, 31 per cent; gas, oil, et cetera, 10 per cent; and fertilizer, 28·8 per cent. Farm family living costs have increased 17 per cent.

Another brief that I have before me was presented by the employees in the Canadian farm implement industry. This group of workers in this industry realize how vitally they are affected when farm incomes go down. They point out as follows:

> During the past two years the prices received by farmers for their products have been falling, while farm operating costs have continued to rise, with a resultant decline in the net income of farm operators . . .
>
> Between July, 1951 and August, 1953, (the latest available figures at time of writing), the D.B.S. index of farm prices of agricultural products (on the base 1935-39 = 100) fell from 308·3 to 240·4, a decline of 22·0 per cent.

With mounting unemployment and with ex-service people available, it is extremely difficult for me to understand why in Canada our consumption of beef, pork and milk should be less than it was during the war years. I might mention the fact that during the time I was in parliament previously in 1946, I had an unusual experience for a private member, namely that of proposing, before going into supply, a motion that carried. My motion made on August 27, 1946, was as follows:

> That all the words after the word "that" to the end of the question be left out and the following substituted therefor:
>
> "This house desires to record its opinion that consideration should be given to the continuance of the milk subsidy so as to ensure adequate return to milk producers and make possible the consumption of milk for the nutrition of the Canadian people without any further increase in the price thereof to the consumers".

After a debate, there were 69 who voted for it and only 41 who voted against it. Some of those who voted for it were Liberal members like Senator Reid, as he now is; the hon. member for Hamilton East (Mr. Ross); and the former member for Springfield. But although this motion carried in the house, the subsidy was not continued. The bureau of statistics informed me this morning that during the period 1930 to 1935 we consumed in Canada ·8 pints of milk per person per day. The figures of consumption are as follows:

	Consumption of Fluid Milk and Cream in Pints per person per day
1930-35	·80
1935-40	·87
1941	·86
1942	·91
1943	·98
1944	1·01
1945	1·02
1946	1·02
1947	·97
1948	·90
1949	·90
1950	·90
1951	·89
1952	·88

As I have indicated, with over a million of the youngest and ablest Canadians in the war services during the war years and with another large group of able-bodied people in the war industries, including the old and the young, I do not know how we can explain to our children that our Canadian farms were able to produce sufficient milk so that the Canadian people consumed during those war years more milk than we have since. Of course the explanation was that the government of the day thought that it was good for the Canadian people to consume more milk, and so milk consumption and production were subsidized. But here is a piece of legislation that did not receive any criticism in parliament or throughout the country. I do not know of any legislation that was more popular than that which made large quantities of milk available. Some of my friends do not agree with my views on the question of alcoholic liquors but none of them will quarrel with me when I urge that every Canadian should consume more milk. When one considers that consumption of milk is now away below that of the war years, that it is getting back to the level of the hungry thirties, then obviously there is something wrong with government policy when we cannot make the production and distribution of milk sufficiently interesting to the farmers and distributors.

I have figures here regarding beef. In the period from 1935 to 1939 we consumed 54·7 pounds of beef per person per year. During the war years that amount was increased to 69·3 pounds. That was in 1943. That was the peak. We were well up in the sixties. By 1952 we were down to 44·8. In 1951 the figure was 43·7, and last year we were up a good deal, the estimate being 59·1. I have similar figures as to pork which are also

interesting. During the period from 1935 to 1939 pork consumption per person per year amounted to 39·8 pounds. We reached a high in 1944 of 61·3 pounds. Last year the figure was 57 pounds. Taking mutton, we dropped from an all-time high of 4·8 pounds in 1944 to 1·9 pounds in 1952. Veal dropped from 10·8 pounds in 1942 to 6·7 pounds in 1952. Poultry meat dropped from a high of 26·6 pounds in 1945 to a low of 19·2 pounds in 1948.

In a little booklet I have here entitled "The Story of FAO" there are some passages that I think are appropriate in the light of the figures I have given. They read as follows:

> A real surplus of food has never existed in the world. There have always been great numbers of undernourished people. Yet governments of the highly developed agricultural countries have sometimes found it necessary to limit their production in order to keep farm prices high enough to provide a good living for rural families....
>
> The farmers of the world can produce enough food to rid the world of hunger—if they can use the best agricultural methods we know now. The hungry people can get plenty of the right kinds of food—if they have some means of earning money to buy food and other necessities. . . .
>
> This is the job of the food and agriculture organization as stated in its constitution: "raising levels of nutrition and standards of living of the peoples, securing improvements in the efficiency of the production and distribution of all food and agricultural products, bettering the condition of rural populations, and thus contributing toward an expanding world economy".

Then it is pointed out that it should be guaranteed that producing nations will be able to sell their commodities, that buying nations will be able to get as much of the commodities as they need, and that prices will be fair to both. We in Canada cannot control the prices of these things outside of Canada, but if we were able during the war years to organize our own economy so that we not only maintained but increased our production and consumption of milk then I submit that we can certainly work out a program so that our farmers will have an incentive to produce and sell whole milk and so that the people of the country who want milk supplies for their children will have adequate supplies. Therefore I should like to move, seconded by the hon. member for Kootenay West (Mr. Herridge):

> That all the words after the word "That" to the end of the question be struck out and that the following words be substituted therefor:
>
> "in the opinion of this house, the government should give consideration to demonstrating its support of the principle of orderly marketing through livestock marketing boards by announcing floor prices with respect to cattle and hogs at levels not less than the average of the prices which prevailed during the period from January 1, 1951 to December 31, 1953."

In the year 1951 the average price per hundred pounds for beef was $33.49. In 1952 it was $25.85 and in 1953 it was $20.11. The average prices for hogs per hundred pounds, dressed Toronto, grade B1, were $32.85 in 1951, $25.70 in 1952 and $30.40 in 1953. When the Minister of Agriculture was discussing his estimates he took three-year periods at convenient stages, and by taking the three-year period we get in this case an average for beef of $26.50 and for hogs $29.50.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to second the amendment and to say a few words. I shall be brief as usual because not only do I believe in the conservation of natural resources but also in the conservation of time. I rise to support the amendment because I believe in the principle of orderly marketing. I also rise because I have a real grievance. I understand that the purpose of this procedure is to permit members to bring urgent grievances affecting their constituents to the attention of the house and the people of Canada. That is why the hon. member for Mackenzie (Mr. Nicholson) has moved the amendment and that is why I intend to deal with a particular grievance. As I say, I believe in orderly marketing, but I also say that you cannot have orderly marketing unless you have orderly transportation, and that does not exist on the Arrow lakes in my district at the present time.

I intend to deal with this problem for a minute or two because I have received a couple of letters this afternoon which clearly indicate the situation of the fruit growers. The whole district is up in arms about the lack of steamer service on the Arrow lakes. I have mentioned this question before, but I repeat, the people there have the support of powerful groups in British Columbia, the associated growers of British Columbia, the farmers' institute, the women's institutes and the chambers of commerce of the Kootenay district. In fact anyone with any common sense at all who understands the circumstances is supporting the protests of the residents of the Arrow lakes region against the discontinuance of the steamer service and urging both the federal and provincial governments to do something to see that the service is resumed.

The loss of this service is a very serious thing to fruit farmers and others in my constituency. If no satisfactory service is provided it will mean the loss to some of their life's work. To illustrate that point, I am going to read a couple of letters I have received today. The first is from Mr. R. O. Forslund of Edgewood, B.C. I have known this gentleman ever since he was a baby, and

I knew his father well. His father was one of the pioneer steamship captains on the Arrow lakes. He used to run between Northport and Revelstoke and was a famous skipper. When the Duke of Devonshire was on the steamer on one occasion he said, "Captain, it looks like rain today, doesn't it?" The captain said, "Like hell it does, Your Excellency; you don't know the Arrow lakes". I mention that story to indicate what roots and interest this person has in the district. Now, I am going to read his letter:

Dear Sir:

I am writing you in hopes that you may be able to do something about the mess we have been left in due to the taking off of the S.S. *Minto* on the Arrow Lakes run.

There has been a makeshift service started from Robson to Needles, but the rates that are charged are such that they are impossible to pay, as well as the fact that they only run once a week. I have enclosed a ratesheet, and you can see from that how impossible they are.

I would like to know if there is any control, whatsoever, over such rates as these.

I have examined the rates, and they are simply outrageous.

Furthermore, as you know, our most income is out of cherries, and unless they are moved at least three times a week we cannot do anything with them. So if these conditions continue we have no other course than to move out of here, which I certainly do not want to do after spending fifty-two years of my life here.

Might add further that even if there was a boat three times a week, we could not ship on it because of the ridiculous rates. Cherries would have to go by express.

As you know we could not use the road via Nakusp to Nelson due to roughness and distance.

Will add here that the frost damage that hit the Okanagan did not hit here as hard, and looks like we will have a fair crop along this waterway.

I might point out that we on the Arrow lakes do not suffer the extreme changes in weather that are experienced in the North Okanagan.

I am enclosing a letter which I want you to place on the desk where you think it might do the most good. It is only an outline of our conditions caused by the stopping of the S.S. *Minto* but it may point out how impossible our conditions are, due to transportation, to those in charge.

I want to read this other letter, Mr. Speaker, because this is a serious matter to quite a number of people. It reads:

I want to draw your attention to our conditions on the Lower Arrow lake at Edgewood due to the discontinuance of the C.P.R. boat S.S. *Minto*, which I certainly think was very unfair to all of us settlers along the lakes—

Mr. Speaker: Order. Surely the hon. member does not think that what he is now reading is related to the amendment that was moved. I believe when the Department of Transport estimates are before the house the hon. member could quite properly discuss the withdrawal of the S.S. *Minto* from service. However, at this moment the hon. member should be indicating the support he would like the government to give to the proposal for orderly marketing. Of course, he might say that the S.S. *Minto* provides transportation for the livestock.

Mr. Herridge: That is my point, Mr. Speaker.

Mr. Speaker: The one letter the hon. member read was related more to the discontinuance of the service than to marketing. It is the practice in this house when hon. members read a document into *Hansard* to reveal the source. Perhaps the hon. member has done so for the first letter, since I was conversing with a colleague and perhaps did not hear him. If he has not done so, I would ask him to reveal the source.

Mr. Herridge: I did, Mr. Speaker.

Mr. Speaker: The hon. member says this is the last letter. I hope it is not as long as the first one, because we are all anxious to hear him speak to the resolution and tell us how he relates these letters to the subject matter of the amendment.

Mr. Herridge: I bow to your ruling, but my point was that you could not have orderly marketing without orderly transportation. I want to point out that this is a serious matter to these people, Mr. Speaker, and with your permission I shall just read the concluding paragraph of this letter and then make my point.

It certainly seems to me that there is something that our provincial government can do to relieve the situation here, and if it is going to do any good this summer it has to be done at once.

Will add here and now that I for one would very much like to know if the government are going to do anything to relieve this situation or not . . .

He thanks me for giving this my attention, which I am doing, at this time.

There was a press dispatch in the Victoria press recently that indicated that Mr. Gaglardi, minister of public works in British Columbia, had said that negotiations are continuing with the federal government concerning the resumption of this steamer service. I want to bring to the particular attention of the Minister of Transport (Mr. Chevrier) the fact that I urge, in view of the serious matter this is to the fruit growers along the Arrow lakes, if the provincial government makes a proposal concerning the joint subsidy to keep this transportation service in operation until other forms of transportation are provided he deal with it promptly. It is a serious and urgent matter. The crops are developing and they cannot be marketed without satisfactory transportation.

Without economic and suitable transportation these good people will simply lose their means of livelihood, after years of toil and investment.

Mr. McCullough (Moose Mountain): May I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, it gives me a great deal of pleasure to have this opportunity to enter the debate which began prior to the dinner recess. The amendment moved by my colleague, the hon. member for Mackenzie (Mr. Nicholson), is as follows:

> In the opinion of this house, the government should give consideration to demonstrating its support of the principle of orderly marketing through livestock marketing boards by announcing floor prices with respect to cattle and hogs at levels not less than the average of the prices which prevailed during the period from January 1, 1951, to December 31, 1953.

During the introductory remarks of the hon. member for Mackenzie I was surprised to hear a member of the Liberal party interject by shouting "Hurrah" when the hon. member had stated that agricultural livestock prices had dropped drastically. I would want to be as kind as possible to the hon. member who interjected because I should think he must have made that comment in a jovial frame of mind.

On the other hand, if there be anyone in the house who would gainsay the importance of what the hon. member for Mackenzie was saying when he quoted figures showing the very serious drop in the prices of agricultural commodities, I would hasten to say to him that there can be no more important subject for discussion in the House of Commons, and certainly no subject which would affect more every single citizen in Canada than does the prosperity of those who are engaged in agriculture.

The hon. member should be congratulated upon having moved the amendment because already during this session of parliament we have seen delegations coming to Ottawa asking for federal assistance. We know that the ramifications of the situation extend into every home in Canada. It is well understood by all people that unless we have a healthy and prosperous agriculture we will have a serious economic condition among all other industries in Canada.

It is with this in mind that I appeal to hon. members this evening to bear with me when I present the case for agriculture, in its relation to the marketing of livestock. It is now some twenty years—I believe it was 1934—since the price spreads commission indicated that at that time there was a necessity for a national livestock board. That position was taken because it was felt that at that time the producers of livestock in Canada were not getting their proper share from the sale of their commodities. An investigation into the prices farmers were receiving during the depression period indicates this quite clearly.

Since that time however we have come a long way. We know that during the period of the war and in the post-war years livestock producers in Canada have enjoyed somewhat better conditions for the marketing of their product. Under the present system however the marketing of livestock is a precarious procedure, and one with which I can assure hon. members most farmers are not satisfied.

Hon. members will have noticed that in the amendment we ask for two things, namely the establishment of the principle of national livestock marketing and also an announcement by the government in respect of floor prices for cattle and hogs at a price level not less than that obtained in the period of time indicated in the amendment. The farmer is not so much concerned with the income he receives from the marketing of his livestock as with the relationship that income bears to the cost of production.

I say the present government, and former Liberal governments, must accept a great deal of responsibility for the present position in which farmers find themselves so far as livestock prices are concerned. From 1945 on members of this group pleaded with the government to maintain some sort of peacetime price controls. If one were to look into the findings of the royal commission that sat in 1949 he would find that while they did not indicate their belief that a wartime price control policy would be feasible in peacetime, or in a post-war period, yet they did indicate that some peacetime method of price control could have been maintained. As a matter of fact the government did keep for a little while the promise it gave to the people of Canada in the days of war. In other words, it did maintain some of the price controls. One after the other, however, those controls were thrown out the window, and of course prices began to rise.

That is the key reason why today we in agriculture find ourselves in a position where our costs have mounted to such an extent that, taken alongside falling prices, we have

been caught in a price squeeze. One should of course look at a farmer's income in relation to his costs. I know the Minister of Agriculture (Mr. Gardiner) and other government spokesmen are prone to quote figures of gross national income in respect of agriculture. That of course does not show the true picture of income in agriculture.

In this connection I should like to quote in full an article which appeared in the *Co-operator* for January 1954. On this occasion the Canadian Federation of Agriculture takes up the cudgel with the Minister of Agriculture and the leader of the government in the Senate, when it says:

> Agriculture Minister Gardiner, in the annual agricultural conference at Ottawa on November 24, and Senate leader Ross Macdonald a day later, in the Senate, deliberately set out to soften the general warning issued by provincial government delegations and leaders of the federation of agriculture alike that the farming industry of Canada was facing a serious situation economically because of continually rising farm costs and declining farm prices.
>
> For this purpose both the minister and the Senate leader quoted figures respecting the cash farm income and the net farm income of Canadian agriculture in 1953 as compared to 1949. It was quite easy for them to show that the net farm income of Canadian agriculture in 1953 will be about five per cent above that of 1949, although the bureau of statistics has announced that there will be a reduction of 12 per cent in 1953 from 1952.
>
> But what the honourable gentleman failed to do was to co-relate the net farm income figures with costs of both farm operations and farm living. Therefore, without such co-relation, it is unfair to leave the impression that Canadian agriculture is as prosperous, from the farmer's own standpoint, as it was in 1949, for such is by no means the case.
>
> The fact of the matter is that, when all factors of farm operations and farm living have been taken into account, the net result is that, even with the increase in net farm income mentioned, the purchasing power of this income will be 10 per cent less in 1953 than it was in 1949, because of increased farm costs.
>
> In other words, while there may be no more dollars in income on farms, in mere terms of dollars, those dollars have 10 per cent less value in purchasing power than they would have had in 1949. Figuring 1949 as a basis of 100, the purchasing power of net farm income in 1953 works out at 90.

On this occasion the Canadian Federation of Agriculture pointed out to the public and to the government that there must be a basis of relationship between what the farmer gets and what he has to pay for the costs of production in order to establish his real income.

As I said before, under the present system of marketing it is impossible in practice for the farmers to get a just and fair price for their livestock. From the time that the price spreads commission in 1934 indicated that a national livestock marketing board was necessary to market livestock for the protection of both the consumer and the producer until the present time we find that the situation has grown immeasurably worse from the producers' point of view.

We have four major packing plants controlling the purchasing of livestock in Canada. With this monopoly control it is virtually impossible for farmers to have anything to say about what they get for their livestock. I am sure no hon. member would say that there can be any justification for this state of affairs, or any justice to the producer in it. A farmer can take a carload of cattle and send them to the Winnipeg stockyards and get perhaps 18 cents a pound at the week end. Then on Monday morning another car from another neighbour can come in and there will be a variation of three cents or four cents a pound. Yet there has been no visible change in the situation in regard to the demand and no change in regard to the supply. Hon. members can readily see the injustice of that situation.

The problem that faces agriculture can be laid at the doorstep of the Liberal party, owing to the fact that they did not keep on price controls as they should have until things had levelled off and thereby maintain a decent price relationship between producer and consumer in Canada. Then there is also the fact that we have lost most of our export markets to Britain, which was our historical market, and that has come about because of the policies of this government.

I do not want to go into that in detail other than to illustrate to the house what has taken place by some figures that I received in a return on March 18 to a question I asked of the department. In 1944, the year before the end of the war, we were shipping 980,800 hundredweight of beef and veal to Britain; 11,356 hundredweight of mutton and lamb; 103,751 hundredweight of fresh pork; 21,650 hundredweight of poultry and 6,923,103 hundredweight of bacon and hams; 338,378 hundredweight of canned meats; 142,300 hundredweight of edible offal and 408 hundredweight of other meats. That was in the peak year. In the second peak year, which was 1945, Canada shipped to Britain 1,843,777 hundredweight of beef and veal; 73,579 hundredweight of mutton and lamb; 4,460,693 hundredweight of bacon and hams; 160,441 hundredweight of canned meats; 103,186 hundredweight of edible offal and 6,082 hundredweight of other meats.

Then we have the picture of the post-war period in relation to the livestock products from Canada going to Britain. This is a record of our trade with that country. In the year 1953 we shipped 64,501 hundredweight of beef and veal; no mutton and lamb; no fresh pork; no poultry; no bacon and hams

and only 27 hundredweight of canned meats; no edible offal and only 10 hundredweight of other meats.

Is it any wonder that this government, through its fiscal policies and trade policies, has failed to keep that historical market for our agricultural products? I recall very well the hog prices in the period between July 21 and September 22 of 1951, when they dropped 25 per cent. Surely, no one can say that such a condition, when the price of our livestock drops 25 per cent in that period, can be justified.

Then we come into the supply situation. I hold in my hand a submission to the government of Canada by the Interprovincial Farm Union Council, submitted on February 15, 1954. It indicates that there is no justification for the present drop in beef prices to the producers in Canada. In this submission to the government we find the following:

> We note in the September issue of "Current Review of Agricultural Conditions in Canada" issued by the federal Department of Agriculture at Ottawa, that we in Canada consume 95 per cent of our total marketings of cattle, and that only approximately 5 per cent was exported during the first seven months of 1953. Latest statistics even show that stocks of meat held by packers, abattoirs, and cold storage warehouses on December 1, 1953, were 13 million pounds less than on the same day the year before.

I want to draw the attention of the house to the figures which correspond to this period I am reviewing. In Montreal in 1951 the price, taking the over-all average, of beef was $24.82 a hundredweight; in 1953 it dropped to $14.31. The Toronto market in 1951 was $29.76. It had dropped in 1953 to $17.34. The Winnipeg market in 1951 was $27.40, and it had dropped to $14.17. Who makes all the money in the process?

An hon. Member: The farmer.

Mr. McCullough (Moose Mountain): Somebody said "the farmer". That shows how little he knows about what he is talking. I do not know whether he wants to get a rise out of me. I will not mention his name because I do not think it would be fair to him, but surely he must have a better understanding of the situation than that. When we come back this fall I am sure that the hon. member who is now interfering with my attempt to present the farmers' plight will be one of those who will be rising in his place when we have delegations here wondering what is wrong with the employment situation in Canada.

This whole problem, Mr. Speaker, of a fair and just income to the farmer, is tied up with the welfare of everybody in Canada. The fact that we have already had delegations representing the agricultural implement industry in Canada coming to Ottawa to see this government is an indication that the income of the agricultural producer has been drastically cut in the last two years; and more people will be coming here unless this government takes action and does something along the lines that we are suggesting. What we need today is a national livestock marketing board with producer representation.

This government should take the Agricultural Prices Support Act off the shelf and use it, and not leave it hidden away some place. This act should be used to protect the agricultural industry of this country. It is all right for this government to subsidize the gold mining industry which in five years has been subsidized to the extent of some $60 million. It is all right to dig gold in Canada and then send it down to be buried in Kentucky. But when we come here and ask this government to get busy and set up a marketing plan and use the Agricultural Prices Support Act to protect the agricultural industry of this country then our case is ridiculed by hon. members opposite.

I have posed the question as to who makes the profit when we have a decline in return to our agricultural producers.

An hon. Member: The Liberals.

Mr. McCullough (Moose Mountain): Well, according to statistics issued by the Department of National Revenue for 1951 the entire packing industry in Canada made a net income of $7,552,000 or 30 per cent on the capital shares of the gross amount earned by the industry. I have already indicated that the market is very unstable under the present conditions and there is nothing to protect livestock producers. Part of their difficulty is due to the fact that these agricultural producers cannot sell their wheat. However, I do not think it is within the orbit of this discussion to go into that aspect of the problem in any detail, but I would like to point out to the house that during the eight-month period of August to March, 1952-53 compared with the same period for 1953-54 there was a 53,167,433 bushel drop in the amount of wheat marketed, and that has resulted in a drastic lowering in the income earned by the agricultural industry.

It is all very well for members of the government or anyone else to go around and say to the farmers, "That wheat in your bins is as good as money in the bank". During the Easter recess when I visited my own constituency I saw piles of grain amounting to as much as 4,000 bushels lying out exposed

to the weather. That should not be, and our farmers should have an income sufficient to allow them to bin that grain properly so that it is protected from the weather conditions in western Canada.

I would again point out to the government that due to the fact that our agricultural prices have dropped, and the fact that they cannot sell their grain, farmers today are not in a position to buy the building materials necessary to enable them to store their grain properly. I would therefore appeal to this government to consider this amendment so that our agricultural producers will have some protection. It will not be sufficient to undertake a scheme such as is now applied to the production of eggs where it is not the producer who is subsidized but the packer. A few years ago I consulted one of our local merchants and at that time I understood this government had a floor price for eggs. During that period there was no packing station. The local merchant collected his eggs and shipped them to the packers and he paid the farmer about 22 cents a dozen. I said to this merchant, "Well, I understood the government had a floor price for eggs". He replied: "We see nothing of that. These eggs are packed and shipped to the packer and this is all we get. There is no further payment and the price for which we sell these eggs is the only payment we receive". That sort of scheme will not be sufficient in this case and certainly was not sufficient in the case I have illustrated.

What we want is to see both consumer and producer protected. We do not want the packers to be able to hog all the profits.

Mr. Argue: They can take the squeal.

Mr. McCullough (Moose Mountain): We feel there could be set up in Canada the kind of organization suggested to this government by the various farm unions and organizations in Canada. I recall back in the period between 1945 and 1949 when I was in this house, the Canadian Federation of Agriculture appealed to the government to set up a national livestock marketing board. Since that time we have seen the growth of the farm union movement in Canada, and this movement now represents farmers in practically every province of Canada. Through their organizations the farmers have requested the federal government to set up a producer livestock board with producer representation under which the farmers would have some say in the marketing and control of their products.

In conclusion, Mr. Speaker, I would just like to say that many hon. members, at least on the other side of the house, do not seem to be particularly interested in this problem.

[Mr. McCullough (Moose Mountain).]

It is my belief that by next fall, unless some action is taken by the government, we will find the hog industry in a much more serious position than it is today. Today the farmer obtains a reasonable price but by next fall, unless the government is prepared to put a proper floor under hogs and beef cattle and relate that to the cost of production, we are going to have a very serious marketing situation throughout the entire hog industry.

Therefore, Mr. Speaker, I want to appeal to the government. During this session we have asked them to take cognizance of the fact that the farmer has not been able to sell his wheat. I recall during the last election campaign there appeared statements in a western newspaper attributed to the Minister of Trade and Commerce (Mr. Howe). Interviewed in one of the maritime provinces and questioned on the sale of Canadian wheat the minister said in effect that he did not think there would be any serious difficulty in marketing that wheat. He advised "if they got a hurry on" the wheat could be marketed. I am now asking the government to pick up its feet and take some action. I would urge them to get cracking on this very serious problem of formulating a program under which we can market our livestock profitably so that the producers of our farm livestock products and the consumer will be protected.

Mr. Victor Quelch (Acadia): Mr. Speaker, at the outset of my remarks let me say that we in this group do not like the way in which this amendment has been worded. On the other hand, we dislike even more the situation which is developing in this country in regard to agriculture. However, as we believe in the general principle of supporting agricultural prices at parity we will support this amendment for it at least guarantees a price equal to and not less than the parity price for livestock products.

I am not suggesting for one moment that in western Canada there is what one might call a real agricultural crisis. On the other hand, there are plenty of danger signals for those who are not too blind to see. The Minister of Finance (Mr. Abbott) in his budget speech pointed out that the price of agricultural products had fallen and that the net income for farmers during the past year had fallen by 14 per cent, while the net income of industries other than agriculture had risen by 8 per cent, leaving quite a disparity between agriculture and other industries.

If you take the fall in farmers' net income for the past two years you find there has been a drop of around 23 per cent. The question of the falling off in farmers' net income combined with the piling up of surpluses is causing a great deal of concern

to farmers and farm organizations. I am afraid that the Minister of Finance in his budget speech did not in any way remove that concern because he stated that government intervention would not be a cure for that situation. In order to meet the present situation he said it would be necessary for industry to increase their efficiency, to cut down their costs and to try to find new markets. On the other hand, he said that government intervention, in his opinion, was no cure for the situation.

Let us just examine those points he mentioned so far as agriculture is concerned. Let us first of all take the question of efficiency. Would anybody argue that agriculture today is not as efficient as, if not more efficient than other industries in this country? Let me quote what the president of the Canadian Federation of Agriculture had to say in his address before the annual convention:

> In our office Dr. Hope attempted to compare the efficiency of farmers with the efficiency of Canadian workmen as a whole. He took the years 1930 and 1950 and compared the value of production per worker in agriculture with the value of production over all workers and made appropriate adjustments to get the results in terms of constant dollars. His calculations turned out favourable to the farmer. He found that production per worker in the whole economy increased from $906 in 1930 to $1,688 in 1950—an increase of 86 per cent, while production per worker in agriculture increased from $357 in 1930 to $685 in 1950—an increase of 92 per cent.

Using that statement as a basis, I think one may well argue that agriculture is just as efficient as are other industries, if not more efficient.

As to the question of costs, there are many people perhaps who will think that the farmers are receiving prices well above their cost of production. If anybody is under that delusion, all he has to do is to read the speech that was made by the Minister of Agriculture (Mr. Gardiner) before the food and agriculture organization dealing with this matter. I want to quote from that speech. It is reported in the Ottawa *Journal* of December 8. Speaking before the food and agriculture organization at Rome the Minister of Agriculture stated:

> Our costs of production are very high. I do not think there is any country in the world today which can afford to buy some of our products at the prices our farmers must charge if they are to make a living.

After that statement nobody could argue that the farmers are receiving prices greater than the cost of production. The minister is there pointing out that our costs are so high that he is extremely doubtful whether people in other countries can afford to pay them.

What can we do in order to try to bring down the cost of production? I would say that government policies play an important part in relation to the cost of production. For instance, if the government were prepared to eliminate the 10 per cent sales tax they would be bringing about a considerable reduction in the cost of producing farm products in this country. Then if the government were prepared to restore the value of the Canadian dollar to the level at which it was a few years ago the farmers in this country would be in a much better position to meet the competition of other countries.

Today the Canadian dollar is above the value of the United States dollar. A few years ago it was held at 90 per cent of that of the United States dollar. As a result of that change the farmers are losing 18 cents a bushel on wheat alone. The same thing applies to all agricultural products. As a result of the government's policy in appreciating the Canadian dollar, the farmers of this country are severely penalized. Some may say: That is true of all exporting industries. That may be so; but there was at least one case where the government took steps to relieve an industry of the burden caused by the appreciation of the Canadian dollar. I have in mind the gold industry. We subsidize the gold industry to the extent of about $10 million a year. This year I think it was $17 million. In the past five years we have subsidized it to the extent of over $50 million. When the subsidy was first paid, it was paid largely on account of the fact that we had appreciated the value of the Canadian dollar.

Can anyone argue that there is any justification today for maintaining the Canadian dollar above par with the United States dollar? What is supposed to determine the value of a nation's currency? The determining factor is supposed to be its purchasing power. How does the purchasing power of the Canadian dollar compare with that of the United States dollar? Obviously anyone who has travelled in the United States will know that the United States dollar has a higher purchasing power than has the Canadian dollar; that is to say, the United States dollar will buy more goods in the United States than the Canadian dollar will buy in Canada. On that basis, therefore, the Canadian dollar should be valued below the United States dollar.

Another matter that is supposed to decide whether a nation's currency should be appreciated or depreciated is the question of the balance of trade. For a number of years

we have had an adverse balance of trade with the United States. Hence on that score you would expect the Canadian dollar to be valued below the United States dollar. The main reason the Canadian dollar is above par is that the United States is making heavy investments in this country. In other words you might say that the reason the Canadian dollar is above par is owing to speculation. The Canadian government, if they so desired, could easily control the Canadian dollar at 90 per cent of the United States dollar. In that way we would greatly help the exporters of this country—not only the farmers but all other exporters—to compete in the markets of the world. But so long as our currency is appreciated in value in the way it is we are having to face extremely unfair competition with those nations whose currency is depreciated below the United States dollar.

The next question that comes to mind is this: Are farmers justified in expecting the government to underwrite the price of agricultural products? I get sick and tired of reading newspapers in which the charge is made that the farmers are asking for a handout from the government. All the farmers are asking the government to do is to honour their obligations or the promises they have made in the past. The farmers have already paid in full for any help they might get in having agricultural prices stabilized.

Let me go back a few years; let me go back to the 1930's. We all remember how the prices of agricultural products then fell to extremely low levels. When the farm organizations asked the government to guarantee the prices of agricultural products in those years, we probably remember how they were told by the government that the government could do nothing because those prices were set by an international market; in other words, the farmers must sell at world prices. Hence during those years of the depression the farmers had to take extremely low prices for their products and, as a consequence, they went heavily in debt.

Then the war came along. Shortly after the beginning of the war the prices of agricultural products rose. Then shortly after, the government placed a ceiling on the prices of agricultural products. They told the farmers that they could not have world prices because those prices were too high. May I say that you cannot have it both ways. If the farmers had to take world prices during the depression, they were justified in asking for world prices when prices rose. However, when the government placed a ceiling on agricultural prices they told the farmers that this was part of a stabilization program under which they would guarantee to stabilize agricultural prices after the war. I remember that, some days ago, the Minister of Trade and Commerce seemed to be extremely doubtful whether that guarantee had ever been made. I should therefore like to quote from a speech that was made by the late Right Hon. Mackenzie King in a radio broadcast delivered on December 4, 1943:

> I wish to thank the farmers of Canada for their magnificent contribution to the battle of production. I wish again to appeal to them to continue to help hold the front line against inflation by continuing to support the price ceiling. If, to help win the war, the farmers are asked to accept a ceiling on prices, we believe they are entitled to a floor under prices to ensure them against an agricultural depression after the war. As an essential part of its post-war policy, the government intends to ask parliament at the next session to place a floor under the prices of main farm commodities.

We all know that after the war the prices of farm products remained fairly high for a number of years. It is true that the government appeared to implement their promise by introducing the Agricultural Prices Support Act under which the government could guarantee farmers what you might call parity prices. In other words, they would step into the market and buy agricultural products when the prices fell below a level that would bear a fair relationship to the prices of other commodities. They were not required to take any action until 1949. In 1949 the first severe drop in agricultural prices took place involving hogs and one or two other commodities. The government did place a support price under hogs and some other commodities but the farm organizations were not satisfied with the support prices that were established.

I was at the convention in Niagara Falls in 1950 and the farm organizations asked the Minister of Agriculture what was the formula for establishing support prices. The Minister of Agriculture stated that they had a formula under which these support prices were established. He said that the formula was that they would support the price of agricultural products so their price would bear the same relationship to the prices of other commodities as had existed in the three years, 1943, 1944 and 1945. Since that time most of the support prices, with the exception of those applying to livestock, have been below that formula.

Of course wheat does not come under the Agricultural Prices Support Act, but it is rather interesting to note that on the basis of that formula the price of wheat in 1951 should have been $2.53 a bushel. The price of wheat has of course been well below the price that would have been paid if the formula had applied to wheat. But, as I say,

with the exception of livestock prices, the support prices established by the government have been below the formula. I think the question that is worrying farmers today probably more than any other is to find out exactly what the government's policy is regarding support prices. The Minister of Agriculture has given farmers reason to believe that no support price is going to be established under livestock products. I have here a copy of the *Western Producer* of April 29, 1954 which contains an article referring to a press conference with the Minister of Agriculture. It is pointed out that the minister stated to the press that the federal government is not considering establishment of a support price of all livestock.

As a result of the fall in the prices of many farm products that has taken place, a great deal of interest is being shown in the establishment of marketing boards. I believe that enabling legislation has been set up in most provinces but up to the present such legislation has not been passed in the province of Alberta. In Alberta there is a very wide difference of opinion among farmers on this subject. Right at the present time quite a war is going on between one group of farmers and another as to whether or not marketing boards should be set up. The policy being followed by the province is that if the majority of the farmers appears to be in favour of marketing boards a plebiscite will be taken, and if two-thirds of the farmers are in favour of such boards no doubt enabling legislation will be passed.

I think there is a very good reason why the farmers of that province are somewhat leery about whether or not they would benefit under a marketing board for livestock or any other commodity. That reason is that the Minister of Agriculture has made it quite clear that if marketing boards are set up prices will be guaranteed not so much under the Agricultural Prices Support Act as under the Agricultural Products Co-operative Marketing Act, and that act does not guarantee any security at all for the farmers. It is true that the act provides that the government may guarantee an initial payment up to 80 per cent of the average price of the past three years, but the whole value of that is nullified by subsection 3 of section 3 which reads as follows:

> An agreement made under subsection 1 may include a provision that the minister may on such notice as he deems fair and reasonable require that the delivery of an agricultural product to a co-operative association, processor or selling agency shall be discontinued with the result that the minister shall not be liable in respect of any agricultural product delivered to the co-operative association, processor or selling agency after such requirement.

That just means that if a serious fall in the price of any agricultural product takes place the government can relieve itself of any responsibility by instructing the board to refuse to accept any more of the commodity, and in that case the guarantee would disappear entirely. If we are going to have agricultural products marketing boards set up by the provinces, then we should have a guarantee from the government that they will provide support prices for those products under the Agricultural Prices Support Act. That is what the Agricultural Prices Support Act was set up for, in order to underwrite the prices of farm products. That guarantee was given by the former prime minister during the war. Is the government of today not prepared to live up to the guarantee given by the prime minister of this country during the war? If they are prepared to live up to it, it is time they made that quite clear to the farmers. If that were made clear to the farmers I think we would then find it a whole lot easier to establish these marketing boards because the farmers would know that if a marketing board was set up the initial payment could be made with safety without any danger of the marketing board finding itself in the very difficult position in which the wheat pool found itself in 1929, I believe.

We in this group believe in a two-price system for agriculture, and in view of the fact that about 95 per cent of all agricultural products with the exception of wheat are consumed in Canada we cannot see why the 5 per cent that is exported abroad should be allowed to determine the price of the other 95 per cent consumed in Canada. We feel that the government should guarantee parity prices for agricultural products consumed in Canada. The surplus could be exported abroad and sold for the very best price that could be obtained. We can no doubt help to find markets for our surplus goods by advancing credits to nations unable to pay for the goods they desire, or by being willing to accept their currency in payment.

But the point we want to emphasize is that the all-important market for agricultural products is the home market. In the final analysis the only market we have is the home market because imports brought into Canada in exchange for the exports we ship out have to be consumed in this country. The result is we have to be able to consume the total production of the country or the imports brought in in exchange for our exports. I do not think anybody would argue for one minute that we have anything like developed our own home market.

We have a tremendous potential market in this country. This potential market is

represented by the thousands upon thousands of people in low income groups; the people in the old age pension brackets; the war veterans; the people with disabilities, all of whom are having to accept low incomes today. Then there are the unemployed. I know it has been argued, I believe by the Minister of National Health and Welfare (Mr. Martin), that a program of increased pensions for these people would be very costly. I wonder whether the government has ever stopped to calculate what it is costing the country to have half a million unemployed people?

Supposing the half a million unemployed people were earning a moderate income, say $2,400 a year or $200 a month. This would mean that we could be having in this country another $100 million a month in goods and services, another $1,200 million a year. Would that not more than offset the cost of paying a decent pension to the old age pensioners, the war veterans and the physically disabled? By paying a decent income to these people we would also stimulate the market for agricultural products. I do not think anyone will deny that the world needs expansion in the production of food, and that any surplus produce should be stored to take care of crop failures. Then in years when there were crop failures we would be able to draw upon our stored surplus to make food available to the nations needing it.

I believe that expanding the production of food would bring prosperity to the farmers, provided they were guaranteed fair prices. Let no one forget that as long as agriculture prospers, Canada will prosper because the people engaged in agriculture provide one of the very best markets for the products of other industries in this country.

Mr. D. S. Harkness (Calgary North): I am sorry, Mr. Speaker, but because I was in the agriculture committee this afternoon I did not hear the hon. members who took part in this particular debate. However, the two speakers whom I have heard tonight have laid a great deal of stress on the dangers facing agriculture in Canada today. I am fully cognizant of the dangers facing agriculture. As a matter of fact about two weeks ago last Friday, during the debate on the agriculture estimates, I believe I made that abundantly clear. I shall not, therefore, repeat anything that previous speakers have said concerning this difficulty or anything that I said at that time.

Although I am thoroughly cognizant of the dangers facing agriculture, I do not believe the solution proposed by this resolution is the answer. As a matter of fact, the answer to most of our agricultural problems lies in expanded markets for our products. Our difficulties so far as the wheat surplus or what many prefer to call the "so-called surplus" is concerned lie in selling that wheat to people in other countries who could use it, as well as expanding the market for it within Canada. The same remarks would apply to livestock products. When we have sufficient market for our products we do not need to worry unduly about the price, and perhaps we do not need to worry unduly over putting in floor prices, as has been suggested here.

I feel that this resolution was prompted by very grave fears that exist in Canada today concerning what the future may hold for the livestock industry, and as to what may happen to the price of cattle and hogs particularly, the two main products of that industry. There has been a widespread demand, of course, amongst farmers for a long time for some system of floor prices in this country. This demand has been met to a limited extent. A floor price was established for hogs some time ago, and a floor has been established for butter. As I say, the demand has been met to some extent by floor prices under one product here and one product there, but there has been no general system of floor prices for agricultural products. There is undoubtedly a very strong demand amongst farmers in this country for some system of that sort.

In my opinion, if this resolution were put into effect it would be, more or less, complete socialization of the livestock industry. Most livestock producers of whom I am aware do not want their industry socialized. They want to have that industry remain on the basis of free enterprise. As a livestock producer myself for many years the last thing I want is to have control of the sale of my livestock taken completely out of my hands and put into the hands of a government or a board appointed by the government. As I say, most livestock producers want the same thing. The demand for a solution such as is proposed here, a socialized livestock industry, does not come from the majority of the farmers producing the majority of the livestock. There are no producers with reasonably sized livestock farms of whom I am aware who want a solution of this sort. The only people I have met who want a solution of this kind are the people who produce a very small amount of livestock, and I, personally, have met very few of them.

I am not going to go into the extremely complex subject of floor prices for agricultural products; what those floor prices should be, or the formula that should be used to arrive

at them. That is a matter upon which one might make a dozen speeches of the length to which we are limited in this house, and still not nearly exhaust the subject. In my opinion this particular proposal comes very close to being complete nonsense, and I think bears no relationship to any realistic conception of what the livestock industry is, what conditions are or anything of that sort. It merely says there should be a floor price put under cattle and hogs of not less than the average of the prices which prevailed during the period from January 1, 1951 to December 31, 1953, a period of three years.

There are many people who would argue that during the early part of that period the price of hogs was too low, and now it is too high. There are other people who would argue that during the earlier part of that period the price of cattle was too high, and now it is too low. The idea of taking any particular three-year period and saying the average price of those three years should be the price for the next one or two years, does not take into account at all the present price of livestock feed stuffs or other important factors. Certainly, it is not the kind of formula that anyone who has made a real study of this matter would recommend. For those reasons, perhaps, the formula is not a reasonable or realistic yardstick to use. The whole purpose of this resolution, if carried into effect, would be to socialize the livestock industry. Personally, I oppose it, and oppose it very strongly.

Mr. H. R. Argue (Assiniboia): When I looked across the way this evening and saw the Minister of Agriculture (Mr. Gardiner) was not in his place, I wondered who would tell us the government's position concerning the resolution before the house. I think the speech delivered by the hon. member for Calgary North (Mr. Harkness) has filled the bill very well, for the Minister of Agriculture; and it may not be necessary for the minister to make a rebuttal since, I imagine, he would be making about the same type of rebuttal as that made by the hon. member for Calgary North.

Mr. Harkness: You had better let him speak for himself.

Mr. Argue: I think the speech delivered by the hon. member for Calgary North was ridiculous, foolish and downright silly. I have never heard anything quite so ridiculous in this House of Commons for a long time—and I am referring to his statement that the establishment of floor prices would result in the socialization of the livestock industry. Because I say to him that floor prices couldn't possibly result in the socialization of the livestock industry.

Mr. Harkness: On a point of order; I must object to the hon. member's putting words in my mouth which were never there. I did not say that floor prices would result in the socialization of the industry; I said the effect of this whole resolution would result in that, if it were put into effect—but not floor prices. I went on to say that floor prices were themselves a big subject which I would not take the time of the house to discuss tonight.

Mr. Argue: A far bigger subject, I suggest, than the hon. member would be capable of dealing with. But I come back now to my statement, as to the remark he made in referring to this resolution, when he said that it would mean the socialization of the livestock industry; and I say that that remark was completely foolish.

Mr. Pickersgill: Has the hon. member any objection to that? Has he any objection to the socialization of the livestock industry?

Mr. Argue: And that is another silly question—it is perfectly silly.

Mr. Pickersgill: Answer it anyway.

Mr. Argue: And the Secretary of State—

Mr. Pickersgill: Answer the question.

Mr. Argue: I will answer it then. I will say that so far as I am concerned, the livestock industry as it is now operated and managed by the producers of livestock is the best possible system for the livestock industry. To my mind it is a system that should be preserved, and this government should not allow farmers to go into bankruptcy because it has failed to act under the powers of any one of three statutes now on the statute books, and which could be used to provide floor prices to deal with this situation.

I come back now to the terms of the amendment, and the suggestion that if it were implemented it would result in the socialization of the livestock industry. We have in the United States right now, operated by a Republican government, a government that is not too often criticized by members of the Conservative party in Canada, a system of parity floor prices established under the main agricultural commodities in the United States.

Mr. Trainor: And what a headache that is!

Mr. Argue: Someone interjects by stating, "What a headache that is!" Well, I would far rather be a farmer in the United States—

An hon. Member: Go ahead, then.

Mr. Argue: —with the headache of receiving more than $2 a bushel for wheat, and floor prices under all the main agricultural

commodities than a farmer in Canada producing under a total lack of adequate legislation and adequate floor prices for the livestock industry, as we see it under this government.

Mr. Knowles: It gives a headache even a doctor could not cure.

Mr. Argue: If this amendment we have suggested would result in the socialization of the livestock industry then all I can say is that the Americans socialized their livestock industry years ago, because they have adequate floor prices and adequate parity prices.

The Minister of Agriculture believes in floor prices. During the transitional period from war to peace he has had legislation placed on the statute books for the support of agricultural prices. Under that legislation prices can be supported. Then we know that there is an act to provide for the establishment of an agricultural products board. He could establish floor prices under that act. Then if he did not like the way those two acts read, he could turn to chapter 5 of the statutes to assist and encourage in the co-operative marketing of agricultural products.

The Minister of Agriculture has three separate statutes under which he could do the very thing advocated in this amendment. Of course he likes to have all kinds of legislation to confuse people, and then do nothing about it. For many years western agricultural producers fought to get orderly marketing of their farm commodities. In spite of the many speeches delivered against the principle of orderly marketing, speeches such as the one delivered tonight by the hon. member for Calgary North, they have been successful in obtaining the Canadian wheat board. I submit the wheat board is an outstanding body providing for the marketing of wheat and other grains in an orderly fashion.

The Canadian wheat board establishes an initial price, which acts as a floor price. Yet it has no more socialized the wheat producers of western Canada than in my judgment this amendment would result in the socialization of the livestock producers.

If I were considering the kind of policy we should adopt in relation to the livestock industry one of the first things I would do would be to read the resolutions passed by the various farm organizations. The Saskatchewan wheat pool in its outlined future policy states in its annual report on page 49, and this is the seventh plank in that policy:

> Increased use of the Agricultural Prices Support Act as a means of providing adequate support prices for those farm commodities to which the act applies.

[Mr. Argue.]

> 8. The establishment of support prices on all livestock marketed through licensed stockyards.

That is exactly what we are attempting to have done by pressing this motion. We are attempting to have a floor price set on livestock and to have greater use made of the Agricultural Prices Support Act.

At this time the farm unions of western Canada have taken great interest in the idea of marketing boards, and have established in Manitoba, and I believe also in Saskatchewan, an interim marketing board. It is their hope that they will be able to handle livestock and receive from the federal government support in the way of adequate support prices underwriting the operations of those livestock boards. I hold in my hand the *Western Producer* for Thursday, April 29. In it is outlined the result of a very successful conference held in Saskatoon regarding the establishment of a livestock board. An interim livestock board was established, and here are the members of that board: Mr. E. A. Boden, Cutknife, prominent hog breeder and wheat pool director for district 12, who will serve in an individual capacity; Mrs. Eric Lund, Borden, S.F.U., woman director; Don Griffin, farmer, Alameda; Jim Gray, S.F.U. official, Saskatoon; Percy Wright, Tisdale, former C.C.F. member of parliament for Melfort, and Fred Messenger, Kelvington, vice-president of the Saskatchewan association of rural municipalities.

The board is headed by a chairman, Mr. Speaker, who is well known to members on both sides of the house, a former colleague in this house, Mr. Percy Wright of Tisdale. I suggest that the honour that was bestowed on Mr. Wright by selecting him as chairman of the board demonstrates something that all of us who have been associated with Mr. Wright over the years have come to know, namely, that he is an extremely able person and was the very best choice in my opinion that this conference could make to head the interim livestock board. I do not have the press report here, but I understand that an interim board has been established in Manitoba and that Mr. Scottie Bryce, an able former colleague, is a member of that board. Scottie, by being back closely associated with the livestock industry, is once again engaged in the work that has been so dear to him throughout his lifetime.

The establishment of those interim boards by the farmers' unions in western Canada, supported as they are by farm unions in Ontario to British Columbia, demonstrates that the livestock producers of Canada want orderly marketing through livestock boards, and further desire that adequate support prices be placed under livestock. I might say

in this regard that the report of the conference in the *Western Producer* states of Mr. Phelps:

> He reported that S.F.U. officials had held a successful conference with federal agriculture minister J. G. Gardiner the previous day. The minister, said Mr. Phelps, had promised that if a producers' board were established, the federal government will provide—

And this is very interesting:

> —financial guarantees under the Co-operative Marketing Act of 1939 to enable payment of an initial price. Mr. Gardiner had also promised consideration of a national board of livestock commissioners.

However, it is perfectly correct, as the hon. member for Acadia (Mr. Quelch) pointed out, that in the same issue of the *Western Producer* the Minister of Agriculture is reported as having said that there will be no financial assistance from the federal government. All I can say is that that proves to me at any rate that the Minister of Agriculture was in Saskatoon and discussed with two different sets of people the question of some financial support for the livestock industry. He is now able to get up in the house, or in any other place, depending which side of the argument he takes at the moment—he may take his pick as to which part of the *Western Producer* of April 29 he decides to quote—and prove that the government is either going to support financially the livestock marketing boards or he can demonstrate that the government has no intention of providing such financial support. I am hopeful, Mr. Speaker, that since the president of the Saskatchewan farmers' union says that the Minister of Agriculture did say to him that the federal government would provide financial support for livestock marketing boards that commitment of the Minister of Agriculture will be fulfilled.

We want marketing boards; we want financial support for the livestock products that are marketed by those boards. If such floors were provided, then the statistics I have before me show that such a proposal would provide a floor price for good steers, basis Toronto, $26.50 a hundred. I would say that for an average grade steer in the various parts of Canada it would result in something under 20 cents a pound live weight. I suggest that such a floor price is fair and moderate and will give the producer a reasonable return but nothing more. The floor price under hogs would be $29.65 a hundred for grade B1 hogs at Toronto. I suggest that such a floor price under hogs is reasonable and would keep the price of hogs in fair relationship with the stated support price for cattle. I am hopeful, Mr. Speaker, that all members representing rural constituencies and agricultural ridings will give this motion very serious consideration so that the agricultural producers of Canada may make further progress in their battle for orderly marketing and stability, and may make one further step toward obtaining the same kind of stability that the United States farmer has now enjoyed for a great many years.

Mr. Speaker: Is the house ready for the question?

Mr. G. H. Castleden (Yorkton): I have a word or two on this matter, Mr. Speaker, which is of particular importance to Canadian agriculture. Most of the arguments have already been made in support of the establishment of a livestock marketing board for Canada and something being done in these days to see that the Canadian people, both producers and consumers, get the same kind of a fair deal.

There are very few people in Canada, and certainly one would not realize it if he listened to the debates in this house, who are familiar with the extent of the livestock marketing industry in Canada. Figures show that it is in volume of gross value of business done the second largest business in the whole of Canada, surpassed only by the pulp and paper industry. However in this industry hundreds of thousands of farmers, and millions of Canadian people indirectly, are involved in the producers' side of this business, and practically every Canadian family is very directly affected from the consumers' side of the question. Therefore I consider that from the standpoint of importance to the Canadian people there is no industry which requires more of the attention of the people than does the livestock industry at the present time. More and more people depend for their livelihood upon the livestock industry, and the cost of living for everyone generally is seriously affected by the amount charged for meat and meat products. There are all kinds of by-products, margarine, animal fat, oil, bone meal, fertilizer, hides—

An hon. Member: Bologna.

Mr. Castleden: If that is a by-product then we are seriously affected by it in this house. The sales of Canadian produce in Canada in 1950 amounted to $757 million. In 1951 they went up to $892 million and—an interesting fact which reveals the trend in Canada and which every Canadian interested in agriculture and livestock production should realize—our exports of livestock are dwindling very rapidly. The Canadian producer is becoming more and more dependent upon the returns he receives from livestock as years go by. In 1947 about 23 per cent of Canada's production of livestock was exported; in 1948

only 22 per cent was exported, and in 1949-50 13 per cent. The following year it fell to 10 per cent, and gradually but eventually we are losing our livestock markets abroad. If that trend continues Canadians are going to be in a very difficult position with regard to our export position.

The one danger, and the one evident factor in the situation today which causes the Canadian people, particularly organized agriculture, to ask for a livestock marketing board, is the fact that competitive markets are disappearing. There are 155 slaughtering plants in Canada, 61 concentrated in Ontario and about 37 in Quebec with the remainder in other provinces, and three large firms control 60 per cent of the entire business. Even the royal commission which investigated prices underlined this in the report they issued for consideration by Canadians and by the Canadian parliament. They said, and I quote:

. . . the processing—

That is meat packing.

—industry shows a high degree of concentration. The three largest firms account for about 60 per cent of the total inspected slaughterings in Canada, which would indicate that competition operates within a fairly restricted framework, though there may be considerable rivalry among these firms. These large firms are efficient in their operations and, though realizing small profits per unit of output, earn substantial returns on their investment. The very heavy capital investment required, together with decreasing cost ratio as the scale of the business expands, tends to keep additional competitors from entering the field.

What the Canadian producers are asking for in almost every one of the briefs and through every one of their farm organizations is that there should be a livestock board established in Canada to see that adequate and proper prices are maintained for the producer, and to see that there is not a wide disparity between what the farmer receives and what the producer has to pay.

Prior to 1950-51 western farmers received for a good steer around $250. Today the average price for a good steer is down to between $100 and $120, but there has been no corresponding decline in the price paid by the Canadian consumer. These large firms which control to a large extent both the price the farmer receives and the price the consumer pays rush out stories to demonstrate the very small margin they receive per pound of beef on each of the groups going through their plants, but they have not yet explained to the satisfaction of the Canadian people why there should be this wide disparity between the price they had to pay for meat products three years ago and the price they have to meet today.

The producer is receiving less and less in actual return and that is why he wants an adequate marketing board. They have no bargaining power whatsoever with the few large firms which buy their commodity. The farmer is in their power and all these firms have to do is to refrain from coming to any formal agreement as to the price. By adopting that method they avoid any violation of the anti-combines act.

Today the pressure on agriculture is becoming more and more severe. When the farmer received a good price for his wheat he could afford to leave the livestock industry to those who were interested, particularly when the amount of return he was likely to receive did not appear attractive to him. But today, when he cannot deliver his grain, when he is cut off from deliveries to the extent in 1954 of about 130 to 140 million bushels, he has to depend to a larger and larger extent on the sale of his livestock.

But cattle prices have tumbled to a terrific extent and the only thing left to him, as has already been pointed out here this evening, is the hog industry. The farmer is now turning more and more to the good prices he can receive today for his hogs. The result has been that at the present time, and government statistics will bear this out, the farmer is turning more and more to raising hogs in the hope that the present prices will be maintained.

However, the fact is that these prices cannot possibly be maintained without a much larger consumption, particularly in view of the fact that Canada's export market for hogs has virtually disappeared and the Canadian people practically constitute the only consumers. Under these circumstances the important thing is to guarantee Canadian producers some decent return for their produce, grant them some form of stability and security in prices. Nothing could do more to guarantee a greater security to the producers of this country than the establishment of a livestock marketing board. Under such an arrangement the farmer would feel satisfied that in accepting a price for his meat he is not contributing to a monopoly in the industry which is allowed to go on at the present time, as it has been for a number of years, without giving an account of its stewardship to the producers and consumers of Canada.

In this connection I would point out that the one thing which has satisfied the western farmers in Canada and given them some hope for the future has been the establishment of the wheat board under which orderly marketing of his produce is guaranteed, and under which he is today protected from the

kind of competition he had to face in the Winnipeg grain exchange. The Winnipeg grain exchange enjoyed that competition, but the farmer in effect was being fleeced year after year. The wheat board now undertakes this marketing of the farmers' produce. It is taken in, graded properly, and the board handles the selling of that commodity either on the home or export market. But whatever the price the farmer receives for his produce, whether it be for grain or anything else, it is the actual price less the cost of handling. He sees today an extremely wide spread between that practice and the one which is operating with him with his livestock produce, and this request is uniform throughout the producers.

You will find the same thing coming from producers everywhere that they can possibly get organized to discuss their problem. The basic principle of the livestock marketing board is accepted by the producers of the west and the producers of the east. A livestock marketing board is one thing which will restore some confidence in the hearts of the producers and give to Canadians some assurance that they are not being exploited by those who are able to take control of a commodity, buy whatever they wish at whatever the market can stand for the stuff they get, process it into a commodity for all the Canadian people and then sell it to the Canadian people for whatever price the market will bear. That kind of thing must be eliminated in Canada. We call upon every member of this house, by his vote on this resolution, to show what he thinks of it.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, to hear our friends to my left in the C.C.F. group talking about their theory of how you are going to market beef in this country is certainly not an eye-opener to those of us who have been sitting here for a few years. We have shipyard workers in my part of the country who are out of work. Maybe our friends can suggest some method they know, tried and true, that will put those men to work. They like to pick at and pull apart good industries in the Dominion of Canada who are doing a great service to this country. I am sick and tired of that sort of thing. Have they offered one suggestion by means of which to market the farm beef after it leaves the farm? They like to forget all about the trials and tribulations connected with the handling of the beef until the time it reaches the consumer. Is it the great packers who rob the public, as they have been accused of doing? Is it the retail butcher?

Some farmers are not satisfied with beef prices today. Nobody is ever satisfied with the price at which he sells his commodities. But let us have some honest reasoning from these people here rather than the pulling of people down and the tearing apart of great industries. I have not a share of stock nor have I ever had one in any great marketing organization for meat products; but I hate to sit here and listen to these people being torn apart when they do not deserve it. The farmers in my part of the country would not stand for it. They would not jump into a marketing board as quickly as some of these people suggest until these people here to my left—these great theorists—can tell us how to market the beef after it leaves the farm, how to keep the prices up and how to make me or anyone else eat more beef. Who makes the profit? Is it our butchers? The local butchers slaughter in my own home town. They are not growling. They are fairly friendly with the farmers. I hear many farmers say they would like 34 cents a pound but they also say that they are not doing too badly at 24 cents. What I believe they need—and what I should like to see them have—are parity prices for farmers. But I certainly do not think the time has come when we can tell these fellows who talk like the great Socrates to take over from coast to coast, because none of them, I think, has much business experience.

Mr. Speaker: Is the house ready for the question?

Mr. Castleden: What about the wheat board?

Mr. Ferguson: I should like to remind my friend that the wheat board cannot compel export buyers to buy wheat in Canada. The surplus is just one of those things we are troubled with. We would all like to sell this wheat at $2.25 a bushel. Maybe they could tell us where the market is. There is no market at the present time. They cannot tell us where they are going to get a market.

An hon. Member: It is better than the grain exchange.

Mr. Castleden: Tell us your system. You tell us.

Mr. Ferguson: I am not talking much about something I do not know anything about.

Mr. W. G. Dinsdale (Brandon-Souris): The amendment that we have before the house at the present time I consider to be an extremely important one. I have listened to the discussion thus far this evening with a great deal of interest. Unfortunately I am in the same position as that of the hon. member

for Calgary North (Mr. Harkness). I was absent from the chamber this afternoon because of my duties on the agriculture committee and therefore did not hear the discussion that took place in a preliminary way on this amendment. I understand that as yet there has been no statement from the government side of the house on this subject. I think that is an unfortunate situation because it is a matter which is important to the farmers generally and particularly to the livestock producers. The fact that so much enthusiasm and almost emotion has been generated in our discussion this evening would suggest that it is a highly important subject and, at the same time, an extremely controversial one.

I rise to say a few words on the subject because some reference has been made to certain discussions going on in my own province of Manitoba at the present time concerning the matter of setting up a producers livestock marketing board. As I have listened to the references in this chamber to the discussions on this matter that have taken place in Manitoba, the impression I have received is that the farmers generally are in support of the marketing board proposal that is before them at the present time. I would suggest, Mr. Speaker, that this is far from being the case. Although I have not been home in the province during these discussions, as I read the press reports from various parts of my own constituency as well as from neighbouring constituencies it would appear that discussion of the proposed producers livestock marketing board that is at present before the livestock producers of my province is producing just as much heated controversy, I might say, as we have seen generated in this chamber this evening.

As a matter of fact, the present plan has been repudiated by the majority of livestock producer groups in the province because it is too compulsory and, as has been indicated by the hon. member for Calgary North, it approximates socialized marketing. Among the groups who have not given their support to the plan are the Manitoba pools, which in a largely attended meeting in the city of Brandon just a few weeks ago, while supporting the broad principle of producer marketing boards, opposed to the extent of 90 per cent the proposal that has been put forward by the Manitoba farmers union. Also the Manitoba cattle producers association is opposed to the present plan.

As a result of the controversy that has arisen, the livestock farmers have organized themselves into a voluntary association which they have named the independent livestock producers association. They are moving throughout the province at the present time, holding very enthusiastic meetings, in order to arouse the farmers of the province to the dangers that are inherent in the compulsory plan that has been put forward and to which I think the hon. member for Assiniboia (Mr. Argue) referred to as being a plan generally acceptable to the livestock producers of Manitoba. I have before me certain of the proposals contained in the plan that has been presented, and to demonstrate their compulsory nature I shall read one or two excerpts. First of all there is this provision:

> The board shall have all the powers of a body corporate and, within the province, shall have power to regulate and control in any or all respects the marketing of the regulated product, including the prohibition of such marketing in whole or in part and, without limiting the generality of the foregoing, shall have the following powers . . .

Then a long series of powers is set out. I should like to refer to paragraph (c) of the official document, which reads as follows:

> To prohibit in whole or in part the marketing of any grade or class of the regulated product of any kind or variety thereof.

Paragraph (h) reads as follows:

> To seize, remove and dispose of any of the regulated products marketed in violation of any order of the board and retain or otherwise dispose of the proceeds thereof.

I think that will serve to give some idea of why the majority of livestock producers of my province are so vehemently opposing the plan for a producers' marketing board that has been put before them at this time. While saying that, I must reiterate that from time to time during recent years strong support has been voiced for the principle of a producers' marketing board in the field of livestock. With such widespread general support, it is unfortunate that a proposal has cropped up which has tended to disturb the livestock producers and caused them to repudiate the scheme to the overwhelming extent that I have already indicated. Returning to the amendment before us it reads as follows:

> In the opinion of this house, the government should give consideration to demonstrating its support of the principle of orderly marketing through livestock marketing boards by announcing floor prices with respect to cattle and hogs at levels not less than the average of the prices which prevailed during the period from January 1, 1951, to December 31, 1953.

The language is very vague. First of all it makes reference to the broad principle of orderly marketing through livestock marketing boards. Then, having thus sponsored the idea of marketing boards, it moves on to emphasize floor prices based on a certain production period. No one can say whether prices during that period were average, above average or below average. Because of this I would be interested in hearing some

spokesman from the government side outline their attitude toward the amendment now before the house. It deals with an important topic of a highly controversial nature. The farmers in my own province are aroused, and before we jump off the deep end and give our support to a measure as important as this I think there should be some clarification from official government sources.

The house divided on the amendment (Mr. Nicholson) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Blackmore
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Ellis
Gillis
Hahn
Herridge
Holowach
Johnson (Kindersley)
Jones
Knight
Knowles
Low
MacInnis
McCullough (Moose Mountain)
Nicholson
Noseworthy
Patterson
Quelch
Regier
Stewart (Winnipeg North)
Thatcher
Winch—28.

NAYS

Messrs:

Anderson
Applewhaite
Ashbourne
Balcer
Batten
Bell
Benidickson
Bennett (Grey North)
Blair
Blanchette
Boisvert
Boivin
Boucher (Restigouche-Madawaska)
Bourget
Bourque
Breton
Brisson
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cardiff
Carter
Cavers
Chevrier
Churchill
Cloutier
Cote
Croll
Dechene
Deschatelets
Dickey
Dinsdale
Drew
Enfield
Eyre
Fairclough, Mrs.
Fairey
Ferguson
Fraser (St. John's East)
Fulton
Gagnon
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gour (Russell)
Gourd (Chapleau)
Green
Gregg
Habel
Hamilton
Hanna
Hardie
Harkness
Harris
Hees
Hodgson
Hollingworth
Houck
Howe (Wellington-Huron)
Huffman
James
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lapointe
Legare
Lennard
Lusby
Macdonnell
MacDougall
MacEachen
MacKenzie
MacLean
MacNaught
McBain
McCann
McCubbin
McCulloch (Pictou)
McIlraith
McMillan
McWilliam
Mang
Masse
Montgomery
Nesbitt
Nickle
Pearkes
Pickersgill
Pouliot
Power (St. John's West)
Prudham
Purdy
Richard (Ottawa East)
Robinson (Bruce)
Robinson (Simcoe East)
St. Laurent
Shipley, Mrs.
Simmons
Stanton
Starr
Stuart (Charlotte)
Trainor
Tucker
Tustin
Viau
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
Wood—115.

Mr. Goode: Mr. Speaker, because of the illness of the hon. member for Medicine Hat, I did not vote.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF JUSTICE

162. Departmental administration (including the former administration of justice; miscellaneous expenditure, including expenses of litigated matters), $427,600.

Item stands.

DEPARTMENT OF LABOUR

177. Departmental administration, $683,551.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

417. Departmental administration, $262,619.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Friday night I set out the legislative program for Monday, Tuesday and Wednesday. We shall follow that in the same sequence tomorrow, except that the first resolution to be taken after we have disposed of the budget resolutions will be that in the name of the Minister of Veterans Affairs having to do with the Veterans Land Act.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 18, 1954

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF CIVIL SERVICE COMMISSION

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I move, seconded by the Minister of National Revenue (Mr. McCann):

That the report of the civil service commission respecting the establishment and reclassification of certain positions in the library of parliament, laid upon the table of the house on Friday, May 14, 1954, be now approved.

Motion agreed to.

WHEAT

DISPOSAL OF WESTERN SURPLUS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Trade and Commerce. It arises as the result of communications received from western farm groups. The suggestion is that the minister might be in a position to say something in addition to what he has already said regarding the prospects for wheat marketing and the degree to which his expectations are being realized so that the farmers will know whether or not they will be able to dispose of their wheat now in storage before the next crop season.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Some weeks ago, in reply to a question from the hon. member for Prince Albert, I gave an analysis of the situation as at the 31st of July next. Events that have taken place subsequent to my review confirm my view that the situation will be pretty much as then outlined.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the excise tax on the following goods be repealed:

(a) furs;

(b) electrical appliances adapted to household or apartment use, namely: blankets; chafing dishes; coffee makers; curling irons or tongs; dish washers; food or drink mixers; food choppers and grinders; floor waxers and polishers; garbage disposal units; hair dryers; irons and ironers; juice extractors; kettles; portable humidifiers; razors and shavers; toasters of all kinds; vacuum cleaners and attachments therefor; waffle irons;

(c) firearms and complete parts thereof and ammunition;

(d) golf clubs and golf balls;

(e) fishing rods and fishing reels;

(f) cameras, camera lenses and unexposed photographic films and plates; projectors for pictures;

(g) trunks; suitcases; bags and luggage of all kinds; purses; wallets; billfolds; key and card cases; handbags; jewel cases; dressing and toilet cases; shopping bags; golf and other sports bags;

(h) coin, disc or token operated vending machines.

2. That the excise tax on the following goods be reduced from fifteen per cent to ten per cent:

(a) articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics, which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth, or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and including shaving soaps and shaving creams, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations;

(b) motor cycles and all other two or three-wheeled motor driven vehicles including motors for attachment to bicycles;

(c) devices, commonly or commercially known as lighters;

(d) coin, disc or token operated games or amusement devices of all kinds;

(e) ash trays; tobacco pipes; cigar and cigarette holders; cigarette rolling devices and other smokers' accessories;

(f) fountain pens; ball-point pens; ink pencils; propelling pencils; desk sets and all other desk accessories;

(g) matches;

(h) tires and tubes in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds;

(i) clocks and watches;

(j) articles of all kinds made in whole or in part of ivory, jet, amber, coral, mother of pearl, natural shells, tortoise shell, jade, onyx, lapis lazuli, or other semi-precious stones;

(k) articles commonly or commercially known as jewellery, whether real or imitation, including

diamonds and other precious or semi-precious stones for personal use or for adornment of the person; goldsmiths' and silversmiths' products; pewter ware;

(l) articles of cut glassware, crystal glassware, cut or not, etched glassware, or metal decorated glassware;

(m) articles of china, porcelain, earthenware, marble, stoneware, or other pottery ware;

(n) carbonated beverages, aerated waters, unfermented fruit juice beverages and imitations thereof and all other compounded or mixed soft drinks and all mixtures or products advertised or sold for making soft drink beverages or imitations thereof, whether sold in liquid, concentrated or in dry form;

(o) candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy.

3. That the excise tax on carbonic acid gas and similar preparations be reduced from twenty-five cents per pound to fifteen cents per pound.

4. That the sales tax on the following goods be repealed:

(a) oil and gas burners and stokers for use with furnaces for the heating of buildings;

(b) coal crushers and stokers for use directly in the manufacture or production of goods;

(c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks;

(d) wall panels for use in buildings and materials for use in the manufacture of such panels;

(e) drain tile not exceeding four inches in inside diameter and twelve inches in length;

(f) sheet music and materials used in its manufacture;

(g) hearing aids and parts therefor including batteries specifically designed for use with such hearing aids.

5. That provision be made to require the payment of sales and excise taxes on all products packaged and sold as lighter fluid.

6. That provision be made to require the payment of sales and excise taxes on the packaging used to contain goods subject to these taxes and on any other articles packaged with them whether the goods are imported, or are manufactured or produced in Canada.

7. That provision be made to ensure that machines and tools for operation by tractors are not included as accessories therefor in the prevailing exemption from sales tax.

8. That any enactment founded upon this resolution be deemed to have come into force on the seventh day of April, nineteen hundred and fifty-four.

Mr. Abbott: Mr. Chairman, if I may have leave of the committee, I have to be in the banking and commerce committee later this afternoon and I have a certain proposed amendment to the resolution concerning personal income tax which I should like to communicate to the committee since I cannot be here when the discussion of that resolution will take place.

The Chairman: Has the minister leave?

Some hon. Members: Agreed.

[Mr. Abbott.]

Mr. Abbott: As the committee is aware, since the budget I have received a large number of representations from members of the house and others regarding paragraph 6 of the income tax resolution which deals with the tax status of mutual insurance companies in the fire and casualty field. I might explain that this paragraph does not introduce new policy with regard to the tax treatment of mutuals but is intended merely to enable past policy, adopted in 1946, to be continued.

In the representations made to me by members of parliament and others it has been emphasized that by far the great majority of the companies affected by this policy are small local companies insuring farm property where there is no organized fire protection. They are not in competition with the ordinary profit-making insurance companies. In fact it is claimed that they are compelled to provide this service in their communities for themselves owing to the reluctance of ordinary companies to enter this field.

In the light of these representations I have reviewed the results of the study of this situation by the McDougall commission. After careful consideration of all the facts placed before them the members of the royal commission recommended:

That the income of any insurer, mutual or otherwise, shall not be liable to taxation when in any year the net premium income in Canada is derived, to the extent of not less than 50 per cent thereof, from the insurance of farm property and other property not protected by municipal or other fire-fighting organizations, or is derived wholly from the insurance of churches, schools, or other religious, educational and charitable institutions.

I am prepared to accept the general principle of this recommendation and I am now suggesting an amendment to the income tax resolution recognizing this general recommendation. The McDougall recommendation dealt mainly with farm insurance. The amendment I am proposing deals likewise with fishermen and applies the same general rule to insurers giving protection to their property.

I would therefore ask one of my colleagues to move:

That the resolution to amend the Income Tax Act be amended by adding thereto the following paragraph:

7. For the exemption from taxation for the 1954 and subsequent taxation years of insurers, not less than 50 per cent of whose gross premium income was in respect of the insurance of farm property, property used in fishing or residences of farmers or fishermen.

Mr. Harris: I so move.

Mr. Abbott: I would suggest if the amendment is adopted that it be discussed with the resolution when it is called later, if that meets with the approval of the committee.

Mr. Macdonnell: I would merely like to say that, while one always wants to study carefully the full effect of what is proposed by way of relief, I think that prima facie, at any rate, those who have been appealing to the minister will view with satisfaction what has been done.

The Chairman: The resolution with regard to the Excise Tax Act. Shall the resolution carry?

Mr. Fleming: Mr. Chairman, there is another matter in relation to the resolution respecting amendment of the Excise Tax Act to which I should like to refer. It is not a new matter. It was discussed extensively a year ago when the budget resolutions were before the committee of ways and means on March 31, 1953. The matter was also referred to briefly on that previous occasion, May 4 this year, when the house began its review of the budget resolutions.

The matter I should like to mention, sir, is not to be found in the resolution as such. My purpose is to express regret that no action has been taken by the Minister of Finance in regard to the matter. I refer specifically to the need for extending the exemption from sales and excise taxes to those charitable and welfare organizations that are not now exempt from such impositions.

I believe that it would come as a profound shock to many people in this country to realize that the federal government is levying substantial taxes upon welfare and charitable organizations, engaged in work that commands the respect of all citizens and commands, I hope, the active support of all of us in this house. The fact of the matter is that, with some exceptions, charitable organizations in general are not exempted from the full effect of the sales and excise taxes levied by the federal government.

These organizations exist in large measure, and are enabled to carry on their beneficent work, only because generous citizens contribute to their support. They do not receive assistance from the federal government. Whatever assistance they receive from governmental sources comes at the municipal level. Most of them function entirely upon assistance received from charitably disposed citizens. Yet the federal government is applying to organizations of this kind, engaged in work of the highest value to this nation, the full weight of these heavy sales and excise taxes.

In the year 1950 the house did give some relief in this field by amending the Excise Tax Act to exempt from those taxes otherwise levied under that act certain definite charitable organizations. The group so defined is altogether too narrow in its scope. There was not, as I recall it, any opposition in this house to the amendment then to the Excise Tax Act. The criticism that was made at that time was that the exemption was being extended to an altogether too narrow group of charitable organizations. The group defined by the 1950 amendment is as follows:

> (a) a bona fide public institution whose principal purpose is to provide permanent or semi-permanent shelter and care for children or aged, infirm or incapacitated persons who reside in the institution; and
>
> (b) in receipt annually of aid from the government of Canada or a province for the maintenance of persons specified in paragraph (a).

The exemption, of course, applies only in the event of purchases by such organizations of goods for their own use, and not for resale. In anything I have to say today on this subject I am confining my request to circumstances under which charitable organizations purchase goods for their own use and not for resale.

You will recall, Mr. Chairman, how very narrow is the relief extended by that 1950 amendment. It does not include the vast majority of organizations in this country engaged in charitable and philanthropic work. It does not, for instance, include welfare agencies that, in the bulk, constitute the membership of the various community chests of the larger cities of this country. It does not include, for instance, children's aid assistance, family welfare agencies, the various visiting nurses associations, community chests and welfare councils. My submission to this committee is that this principle ought to be extended to the full scope of all charitable organizations that have a well organized existence.

There may be some charitable organizations that are not sufficiently organized to have established their identity, with the prospect of continued existence, to satisfy any reasonable government demand. But I am dealing in the main here with organizations with well established positions, permanent in their nature, and undertaking to do that work which, unhappily in many cases, is bound to be virtually permanent in its nature.

In 1950 the house recognized the principle of exempting certain charitable organizations. By what authority, by what logic, upon what principle, does the government or this house stop at that point and deny other charitable and philanthropic organizations the same kind of exemption? I make bold to say that if the people of this country fully realized the present situation, the public conscience would be shocked to think that the federal government

is dipping into the treasury of organizations functioning with funds contributed by charitably disposed citizens, dipping its big hand into the coffers of those organizations whose only source of revenue is charitable donations.

Let us remember always that these excise and sales taxes are hidden taxes. In the main, those who pay them are not aware that they are paying them. They are levied at the manufacturers' or producers' level. The consumer has no knowledge of the proportion of the price that he pays that goes to pay these federal taxes. Let us remember as well, sir, that because these taxes are levied at the manufacturers' level they attract mark-ups as they pass from hand to hand through the wholesaler, the jobber and the retailer. A tax that starts out at the manufacturers' level at 10 per cent in most cases has doubled itself in the course of these mark-ups applied by those who are handling the goods before they ultimately reach the consumer. In the case of most of these goods it is no exaggeration to say that what the consumer is paying is ordinarily closer to 20 per cent than 10 per cent.

The public, I am sure, has only been lulled into the position in which it is today on this matter by reason of the fact that these taxes are hidden. How much is the government taking out of the pockets of charitable organizations in this country through these sales and excise taxes? Well, nobody knows. There has been no nation-wide estimate prepared. The government does not segregate that portion of its sales and excise revenues that are collected from charitable and welfare organizations. I may say that a study was made a year ago by the Canadian Welfare Council in an endeavour to ascertain, as far as might be possible with the sources of information available, what might be estimated to be the amount collected in a year through the sales tax from charitable organizations. I think it will astound members of this House of Commons who have not seen the figure before when they are told that the result of that inquiry by the Canadian Welfare Council was an estimate that the amount of sales tax collected by the federal government in one year from charitable organizations in this country was in excess of $500,000.

The work these organizations are doing commands the respect and admiration of us all. I am sure each member of the house in his own way and according to his own means is trying to contribute to the assistance of these charitable and welfare organizations. How then do we as members of the house justify the imposition by the federal government of taxation upon these organizations? I hope we are not going to be told by the government that there are administrative difficulties in the way. That old excuse has been worn threadbare by this government.

I submit there could not be any administrative difficulty involved in the proposal I am submitting to the house today that was not already involved in the amendment the house approved in 1950. The same problems exist; the difficulties are in no way different in kind.

I, for one, am convinced that if in the face of any administrative difficulty that might be suggested the government would apply to that difficulty the same kind of ingenuity they apply to many other fields, particularly in the levying of taxation, any administrative difficulty could be overcome quickly and effectively.

Therefore, Mr. Chairman, while it is evident that the government is not going to do anything about the problem this year—because there is no provision in the budget resolutions to deal with it—I wish to say that I deplore the fact that the government is taking no action in the budget this year. And I say to them that before another year rolls round I would hope that the government's conscience will be roused in this matter, and that it will set itself resolutely to removing what is a crying and cruel injustice.

Sir, this is not a small matter. It is not a small matter in its scope; much less can it be said to be a small matter in the principle involved. Therefore I am appealing to the conscience of the government in the matter.

Mr. Knowles: Mr. Chairman, the matter the hon. member for Eglinton has now spoken about is one I indicated on May 5 I would like to raise when we reached a later stage, possibly that of second reading of the bill. However, as the parliamentary assistant realizes, my reason for making that suggestion on May 5 was to facilitate the passing of the resolution on that day, if possible. Since that was not done I see no reason why we should not have a full discussion now, and I am glad the point has been raised again by the hon. member for Eglinton.

As I said, when I made reference to the question on May 5, as reported at pages 4447 and 4448 of *Hansard*, the subject was pretty well covered on March 31 last year in speeches made by the hon. member for Eglinton, the hon. member for Spadina and myself. One of my reasons for indicating last year's *Hansard* reference when I spoke on May 5 was so that the parliamentary assistant might be prepared to deal with the question on a later occasion. I hope he is now ready to deal with it; and I also hope that that does

not mean that he is only ready to say no. I would hope that at this time more favourable consideration would be given to the requests from the charitable organizations which have been made to the government on several occasions through the Canadian Welfare Council.

As the hon. member for Eglinton has just pointed out, there is no way of estimating accurately the total amount of sales tax collected from these charitable organizations and institutions; but it has been estimated that something more than half a million dollars is being collected annually from those agencies which come under what are known as community chests.

Those who have been interested in the matter have tried to address themselves to the difficulties raised by the department. I believe it is correct to say they have gained the impression that the main problem raised by the government is the administrative one. Addressing themselves to that objection, the Canadian Welfare Council has made certain specific suggestions to the government as to how the administrative problem might be handled. It seems to me the suggestions they have made could form a basis upon which the question could be handled.

They suggest that in order to qualify for the exemption from sales tax any charitable organization should be one certified by the Department of National Health and Welfare as a bona fide social welfare agency. They suggest also that it might be required that any such charitable organization should be one to which donations are permitted as income tax deductions. Then there are one or two other qualifications to which these people are prepared to agree in order to assist the government in working out the administrative details.

I share the views expressed by the hon. member for Eglinton as to the vicious nature of this tax. The hon. member has expressed himself in his usual strong language concerning this procedure of imposing a sales tax on purchases made by these various charitable organizations, and it is not necessary for other hon. members to repeat what he has said. However, I do press upon the parliamentary assistant and, through him, upon the government the reasonableness and the responsibility with which the Canadian Welfare Council and others who are interested have made their requests to the government. I would impress upon the parliamentary assistant the fact that these people have set out specific proposals and have suggested specific qualifications that might be laid down. I support wholeheartedly their appeal for the extension of sales tax refunds to these bona fide charitable organizations.

I fully realize the hon. member for Spadina is not in his seat at the moment because he is actively involved in the deliberations of one of the five or six committees meeting today. I mention his name, however, because I am sure if he were in the house this afternoon when this matter is being discussed he would support this year, as he did last, the representations being made.

Earlier this afternoon we had an example of the Minister of Finance paying some attention to representations made to him after the bringing down of his budget. I hope that will not be the only example in this session. I would hope that consideration might be given to these representations and that even yet the necessary amendment might be made to the budget resolutions to provide sales tax exemptions for the benefit of these charitable organizations.

Mr. Thatcher: I do not know whether the parliamentary assistant wishes to answer the particular question asked at the moment. If he does not, I should like to say a few words on this legislation. With the minor tax reductions which have been made under the act, I am in accord, but I am sure the parliamentary assistant will forgive me if I say they are completely inadequate. There is no tax that is pleasant; but, as I see it, these hidden taxes that hit the taxpayer when he is not looking are particularly insidious. Last year, although most Canadians failed to realize it, the government collected about $115 from each citizen in indirect taxes. That amounts to about $575 for a family of five. There is an excuse for hidden taxes of that size in wartime, but I cannot see where there is any justification for them in peacetime. The collection of such a large proportion of our taxes by the indirect method is unhealthy to our economy for a number of reasons. In the first place, these excise taxes bear most heavily on the people in the lower income tax groups. In other words, this taxation is not based on ability to pay. For example in purchasing a car, a poor man, or a man in the lower income tax group, must pay the same amount of tax as a wealthier citizen. Such a principle in taxation is not sound.

In the second place, I feel that these excise taxes are discriminatory because they tend to penalize some industries selling in the consumer market, as compared with others. For instance, our automobiles today have a 15 per cent higher tax imposed on them than

furs. Incidentally, Mr. Chairman, the automobile industry is one industry that should have been given some kind of tax relief under this bill we are discussing today. The automobile is certainly not a luxury. A modern car is part of our Canadian way of life. Yet during the past fiscal year, the government collected from the automobile industry in sales tax and excise tax $162 million. That amount of money was actually more than the automobile industry paid out in wages. Surely, there is something wrong when a situation of this nature can occur. I say that this level of taxation on the automobile industry is discrimination of the worst kind, which simply cannot be justified. There are about 200,000 persons in Canada engaged in producing automobiles and supplying the automotive industry. In keeping this excise tax of 15 per cent on automobiles today, the government is gambling with the future of thousands of working people in that industry.

In the third place, I think it is fairly obvious that these excise tax levies are keeping up prices in many fields unnecessarily. In the fourth place, I think this deceptive form of taxation is poisonous to our democratic way of life. Today there is not one taxpayer in Canada out of a hundred who has even the faintest idea of the amount of tax he is paying each year to this federal government. The average citizen seems to feel that he, at least, is not the one who is paying very much of the nation's tax burden. Many citizens seem to be confident that it is the corporations or the wealthier citizens of this country who are paying most of the federal taxes. Because of that attitude, they often have no hesitation in asking the government for bigger and better federal spending projects. As I see it, those citizens are mistaken. Today it is the Canadian consumer, directly or indirectly, who is shouldering the bulk of the tax load. Today the average citizen is paying 33 cents out of every dollar he earns to one government or the other, whether it is federal, provincial or municipal. But unfortunately, because many of our people cannot see their federal tax which is absorbed in retail prices, they remain blissfully ignorant of the astronomical figures involved in this federal budget that we are now discussing.

I for one do not believe that any tax should be relatively painless. Every citizen should realize the amount of money he is paying in federal taxes. He should realize that every time he makes a purchase today the government is dipping into his pocket. He should realize that no matter how low his income may be, he is still contributing to the cost of governing this country.

I know that today it would not be feasible for the government to wipe out all excise taxes; but failing that, I suggest it would be a great forward step if manufacturers, wholesalers and retailers were required to label their goods in such a manner that the federal tax would be shown separately and distinctly. Then, when a citizen went to purchase a new car, a refrigerator or clothing he would see how much he was actually paying in federal taxes.

Mr. McCann: Does the hon. member do that in his business?

Mr. Thatcher: No, but I think it would be a very good idea if all retailers did so on a nation-wide basis.

Mr. McCann: Does the hon. member not know that he has the privilege of doing that? I do not want to interfere with his business. Perhaps it is none of my business, but I should be quite surprised if the hon. member did not mark up his goods with the tax included, and take his profit on both.

Mr. Thatcher: The minister need not be so touchy. I made a suggestion which I thought might be a good one. If he does not wish to carry it out, of course that is his privilege. But I suggest it would be a good thing not only for citizens generally, but also for the minister, if it were required that taxes be shown on sales tickets. If such a procedure were followed the citizen would comprehend much more clearly that before any government can spend a dollar or give away a dollar, it must first of all collect that dollar in taxes. If the citizen realized that the dollar which was being spent might be his own, he would exercise greater care in the future in making demands on the government. Most citizens under those circumstances would regulate their demands for government spending, in accordance with their willingness to pay taxes. In other words, I think that such a policy would make citizens more tax conscious and more government conscious. I repeat, Mr. Chairman, in my opinion the government today, in collecting 34 per cent of its revenue by the backdoor method, is making a serious error. If they continue to do so, there may be repercussions in the future.

Mr. Garland: Since the Minister of Finance brought down his budget on April 6 I have had some correspondence from members of the soft drink industry, and I hope the committee will not mind my mentioning the soft drink industry because it is of that industry that I have some knowledge.

The soft drink industry is concerned over paragraph 6, which reads as follows:

That provision be made to require the payment of sales and excise taxes on the packaging used to contain goods subject to these taxes and on any other articles packaged with them whether the goods are imported, or are manufactured or produced in Canada.

I rise merely to have that point clarified. We in the soft drink industry are in this position with regard to packaging. The title does not pass. The bottles in which the goods are contained are put into the store on a deposit basis, and therefore it seems to me that we would not be taxable. But with respect to this section on packaging, the industry has expressed some concern. I merely want the assurance of the parliamentary assistant at this time that it is not the intention to impose any further taxation in this regard.

Mr. Starr: Mr. Chairman, with your permission, it is my intention at this time to discuss at some length paragraph 4, subparagraph (c), of the Excise Tax Act. I have made some extensive inquiries among practical experts in municipal affairs, Mr. Chairman, about this paragraph, but I have not been able to find anyone who had a word to say for the government's reply to the many pleas and representations that have been made by the 4,000 municipalities in our country. Nor have I found anyone who could explain the purpose of this, with the possible exception of a few realists who seem to think that this is another one of the government's tokens, tokens to which we have become accustomed in the past. Our hard-pressed municipal administrators are too close to the realities of ever-mounting expenses and the ever-widening gap between revenue and financial responsibilities to be taken in for a moment by the niggardly action described under paragraph 4 (c), which reads as follows:

(c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks;

In the first place it is limited to two classes of municipal expenses, those on roads and those on fire-fighting equipment. In the second place it limits exemption to purchases within these categories where the per unit cost exceeds $1,000. In the third place the road equipment is limited to road making and road cleaning. In the fourth place it attempts to set up a new category of equipment unknown in the business world, and that is the phrase "ordinary motor trucks".

I shall discuss these absurdities in detail in a moment. First of all, however, I think it should be said that the offhand and careless manner in which this important subject has been dealt with in the budget appears to me, and to many others with a special knowledge and experience in municipal finance, to prove as conclusively as nothing else could the complete unconcern of the government at the plight of the municipalities in this matter of excessive federal taxation.

Here in this expression of government policy, Mr. Chairman, we have the evidence that the representations of worried and harassed municipal officials and their associations are regarded by this government as unworthy of serious attention or honest thought, and even of reasonably precise draftsmanship.

The shock with which the budget announcement was received by municipal officials throughout Canada was twofold. First of all, there was the keenest disappointment that the request for fair treatment for the municipal level of government had been so arbitrarily—I might say almost jocularly—brushed aside. The fair treatment which they demanded, and which they still demand, is the same treatment in the matter of tax exemption for the poorest level of government, that is municipal, as that enjoyed by the richer provincial and federal levels of government. Instead they received this thoughtless brush-off, and I for one can only hope that we can impute to it no more sinister motive than political expediency, or a misguided ministerial or departmental sense of humour.

Secondly, there was something close to despair when it was realized that the detailed representations made by the municipalities have resulted only in this impractical declaration of policy with which a first-year school trustee would have been ashamed to be associated.

The first absurdity is the limitation of exemptions to road and fire-fighting equipment. What possible sense can this make? Does this government really think that roads and fires are some special kind of municipal responsibility? Apparently so, and it would seem, therefore, to be time for somebody to make it clear that these are only two categories, of hundreds of categories of municipal services, which are today of the utmost importance to millions of Canadian home owners. I cannot believe that anyone with any knowledge of municipal government would have omitted, for example, school expenditures, hospital and social welfare expenditures, when these exemptions were being considered.

Mr. Benidickson: Hospitals are exempt.

Mr. Starr: Certain items, but not all.

Mr. Benidickson: Everything is exempt in the case of public hospitals and certain institutions.

Mr. Starr: Not in the construction stage.

Mr. Benidickson: Building materials are generally exempt from the sales tax.

Mr. Starr: There are, of course, some general exemptions applicable here, but the fact remains that millions of dollars are still being exacted in tribute by the federal government from the efforts of our municipalities to provide adequate education for our youth, hospitalization for the sick, and comfort for our senior citizens in their old age.

We all know, Mr. Chairman, that in other fields we regard some kinds of money as tainted. I respectfully suggest to the government that any money it obtains from these sources falls into that category. We know that, according to current fiscal policies, some fields of taxation are regarded as especially fair game to the taxing authorities. I suggest that the field of school, hospital and social welfare expenditures by municipal governments is one on which our people would, if they could, post "no hunting" signs, and expect them to be honoured, even by the federal government.

Surely, Mr. Chairman, it is not too much for the municipalities to ask, even at this late date, that an immediate survey be made by the government of this whole field of municipal expenditures so that whatever action may be taken in the future it will at least be realistic, practical and in keeping with the facts of the situation, not just with the fancies of some dreaming draftsman.

To give only a single example from a jurisdiction with which I am familiar, a general exemption from sales tax of school board purchases in the city of Oshawa alone would mean a saving of some $35,000 to $40,000 to the citizens of that community. To carry the matter further, the decision of the government to grant equal and fair treatment to municipalities in this whole matter of sales and excise taxes would mean a saving to that one community alone of almost $200,000, or more than three mills in the municipal assessment. The second absurdity—

Mr. Benidickson: When my hon. friend refers to $35,000 as a tax saving for the school board in Oshawa, is he including in that amount the expense of construction?

Mr. Starr: No, just ordinary purchases of school supplies. The second absurdity in the token treatment the municipalities received last April is the limitation of the exemption to unit purchases exceeding $1,000. What possible sense can this have? Does it mean that this government believes that there is some virtue, worthy of special reward, in big and better spending? Perhaps so, for we have some evidence that some of our federal departments seem to think so. But, Mr. Chairman, municipalities have not yet, the Lord be praised, caught this glamorous federal government disease. They are not big-time spenders; at least they do not have a big-time spending mentality. Yet, under the present policy of the government, they would be foolish to pay a mere $900 for a road machine, when they could actually win friends in this government, and even save money, by paying $1,001.

But apart from that aspect, I am wondering if the government in its mania for large spending, has completely forgotten that $1,000 in many little items is just as important to the municipal taxpayer as $1,000 spent on a single item. The very nature of municipal financing means an excess of small over large items. It is part and parcel of the thrift and good housekeeping which characterizes municipal spending. Yet it is currently penalized, and penalized heavily, by the federal government.

The third absurdity—I might almost call it a prize boner—is the limitation of road equipment exemptions to road making and road cleaning. Has anyone in this government ever stopped to think that the making and cleaning of roads constitutes actually less than 50 per cent of average road expenditures by municipalities? In other jurisdictions, of course, these may well represent a larger proportion of the whole, but on the municipal level road maintenance is the big item. Then why was it not mentioned? Perhaps some will say that this is a mere technicality, but I cannot agree. The words as they stand are specific and they do not include maintenance; nor do they include bridges which are also an important item in municipal expenditures. If the omission was merely carelessness—as I suspect it was—then our municipalities at least know to what extent they may in the future expect serious, thoughtful and painstaking consideration of their problems by the present government.

The fourth absurdity—and it has already caused endless difficulty—is the careless phrase "ordinary motor trucks". Can anyone on the government side of the house—or anywhere else, for that matter—tell me what an "ordinary motor truck" is? Is it a motor truck to which no snowplow is attached? If so—and I believe that is the current ruling—does it cease to be ordinary when the snowplow is attached? Should the municipality,

therefore, pay its toll to the federal government in summer but not in winter, in good weather but not in bad? And what, Mr. Chairman, may I ask, is so terrible or wrong about ordinary motor trucks? Again, are municipalities to be encouraged to purchase extraordinary equipment just because the federal government has some strange animus against municipalities buying the simplest and cheapest equipment that will serve their purposes? I confess that I do not know the answer to these questions, nor indeed do any of the many municipal officials I have asked.

These are absurdities, Mr. Chairman, but I do plead with the government when next it addresses itself to this urgent problem—if it ever does—not to be content with merely removing absurdities. Surely, sir, in all humanity and fairness, it must go much farther. It must give the most serious consideration to the complete removal of the present discrimination by one government against 4,000 others. That, in the last analysis, is exactly what the present situation is. It is more than that. It is a sort of discrimination which is beating the weaker brethren of the family into the ground. That is no exaggeration. Has anyone in this house ever heard of citizens going around from door to door, begging money on behalf of the federal government? Of course not. Even to suggest it seems ridiculous.

The federal government is the well-heeled big-time spender among the Canadian governments. It is one in 4,011 governments in Canada which has no money problems. It has unlimited powers to raise money and it uses them often and flamboyantly whenever a need, or fancied need, arises. We are all admittedly envious; this is especially so of the municipalities. They are so far from well-heeled that, today, every one of the 4,000 has to depend on the charity of its citizens for its most essential services. I wonder if there is, at this moment, a single municipality in all Canada where citizens are not voluntarily going from door to door, from farmhouse to farmhouse, begging for funds for a hospital, a school, a library or a school bus—probably just an ordinary bus, which the federal government would not even give garage room to.

Our people are giving—and giving generously—to these appeals. And yet, Mr. Chairman, those very donations will sooner or later be reduced by 10 or 15 or even as much as 25 per cent, if they are applied against purchases upon which the federal government insists on its preposterous rake-off. Of course, we can warn them not to buy "ordinary motor trucks" and to insist instead on their money being used to buy extraordinary ones; but it is more likely than not, sir, that these charity donations will be applied against a variety of small and simple needs, the very category of municipal expenditure on which the federal excise tax of 15 per cent and sales tax of 10 per cent are levied. It should be added here, perhaps, that every municipal official knows that the alleged 10 per cent sales tax is nothing but a statistician's fiction. Actually, when mark-ups are added all along the line to the manufacturer's price plus sales tax, the federal government is found to add 15 or 16 per cent to the consumer's cost.

The Canadian Federation of Mayors and Municipalities has presented many briefs to the government on the subject, because they know that their members regard it as the most urgent matter of relief which they need to face the emergencies of supply before them. Many of them have seen their populations double and even treble in the post-war years, and yet they are allowed a much smaller share of the Canadian tax dollar than at any time in Canadian history.

Surely, Mr. Chairman, it is an acknowledged principle of our way of life that the strong must help the weak, that the rich must assist the poor, and that great power involves great responsibilities. If those principles, upon which I am sure we are agreed in this place, are applied to this request, I am sure that there still will be no doubt about its disposition. I hope that the government will give this matter more careful consideration and eventually accede to the pleas and demands of the municipalities and the Canadian home owners at this time.

Mr. Nesbitt: Mr. Chairman, I have just a few remarks to make on these budget resolutions. First of all I should like to say that I thoroughly support the remarks that have already been made by the hon. member for Eglinton and the hon. member for Winnipeg North Centre, and that I do not propose to reiterate what they have already said. However, I should like to say that I think the 10 per cent sales tax and the excise taxes that are levied against bona fide charitable organizations and national organizations of a health and welfare service nature such as the Canadian Cancer Society should not be levied and that consideration should be given by the Minister of Finance to the removal of those taxes. In view of the change of mind that we had in the minister with respect to mutual insurance companies already, I hope that before the session ends we might have another change of mind with respect to such organizations as I have just mentioned.

I mention the Canadian Cancer Society because it is an organization that I have had

the honour and the pleasure of working with in the past. The matter of this 10 per cent sales tax on material that is purchased by the Canadian Cancer Society is a very real item. I think we all know that the Canadian Cancer Society is doing an extremely fine job in this country in combating one of the most dread of all diseases that we have not yet found a method of coping with adequately. The Canadian Cancer Society spends a great deal of its funds on research and on public education and information so that people can get medical treatment in time for, if not a cure, at least an extension of life. The Canadian Cancer Society also provides free dressings and comforts for those who are unable to provide them themselves. At the present time this particular association is attempting to raise funds. I think it is rather appropriate for me to make these remarks at this time, having regard to the great expenses involved in printing and stationery, advertising and in canvassing material for all the thousands of voluntary canvassers all over the country. If the 10 per cent sales tax were to be removed from all this printing and stationery that is necessary for this purpose it would make a real contribution to helping the society carry out its work which is of a type that could affect every hon. member in this house in a very personal way at some time as well as every person in the dominion.

In closing these remarks, may I say that it has always seemed strange to me that, whereas a person is allowed to make certain deductions from taxable income for donations to organizations such as the Canadian Cancer Society and so on, the government, giving with one hand, should with the other hand proceed to levy a sales tax on those contributions to welfare and charitable organizations. It does not seem consistent. It does not seem to make good sense, and I hope that some consideration will be given to removing this very offensive tax.

Mr. Gillis: I should like to say a word or two. Before the parliamentary assistant closes this discussion, I hope he will clarify in the minds of some of us the question of taxes paid by charitable organizations on purchases that they make. I listened to the hon. member for Eglinton and the hon. member for Winnipeg North Centre. The last speaker said that the Canadian Cancer Society should not have to pay the tax on the dressings that they purchase. They should be entitled to relief, but I am not so sure about the question of advertising. Newspapers are going to charge full rates for advertising and if the tax is going to be charged then let it be charged. Nobody should make any money out of it. I want this matter cleared up in my own mind. Some organizations are entitled to exemption and some are not. Let us know which are and which are not and the reason why. For many reasons I think it is necessary that that should be known.

There is one type of charitable organization that I think should receive some consideration. I have had correspondence with the department in the past about this matter. All across the country you will find church groups organizing boys' camps. It costs a lot of money, and the money has to be collected from the community. When such a camp is established it is necessary to purchase baseball and other equipment in order to promote sports and carry out the purpose for which the camp is organized. Such equipment is taxed. On several occasions I have appealed to the department and have cited specific cases but up to this time the situation remains the same. The tax was not changed.

There is another problem which, although it may be isolated, does arise from time to time in many communities. Many communities throughout Canada maintain local bands. A year ago I wrote the minister about a certain band in a rural community. This band has been in operation since 1914. They do not have very much money. When there are military or other demonstrations in the community the band plays and serves the purpose. Under the regulations a band of this description cannot get an exemption on the purchase of equipment. The band to which I have referred gathered together enough money to buy some instruments and found that by purchasing them in the old country they could save over $1,000. When you have to knock on doors and collect ten cent pieces to buy equipment a saving of $1,000 means a great deal. But when the equipment arrives in Canada the tax on it pretty well cuts the saving in two. This is not a commercial band. The people do not get paid for appearances at Legion gatherings and so on.

In any event, the tax has to be paid. The minister was sorry but the regulations did not permit him to make any changes. Apparently no change is being made by these amendments, but the matter might be taken under advisement for next year. The extenuating circumstances might be looked at and something might be done to relieve that type of organization. There are community bands in many places throughout the country, but I have pinpointed this one because I happen to live nearby. The application of the sales tax to another category is, in my opinion, discriminatory.

Mr. Ferguson: May I ask the hon. member a question? Does he suggest that the tax be taken off bagpipes?

Mr. Gillis: I do not suggest that. If the hon. member is asking me that question, I suggest that he get in touch with Senator Reid and ascertain first of all whether the bagpipes are a weapon or an instrument. If it is his interpretation that they are a musical instrument then I will go along with removing the tax. I was about to direct the attention of the parliamentary assistant to another matter involving manufacturers of cabinets and equipment of that kind who employ quite a large staff. The sales tax does not apply in that case because as far as such a manufacturer is concerned he does not sell directly but farms out his product to retailers. He is not taxed on the cabinets, window frames and so on that he manufactures. There is no sales tax.

I have had a decision from the department within the last year involving a small shop. A small shop in the same city may employ two or three people and the owner also works. He turns out the same type of equipment but on a much smaller scale and sells directly.

Mr. Benidickson: My hon. friend must be careful not to mix sashes with cabinets. Sashes are considered to be building material and are exempt, but cabinets are looked upon as furniture and would be subject to tax.

Mr. Gillis: In the case I am talking about the larger plant is exempt. That manufacturer is not paying any sales tax, but the people responsible for enforcing the taxation regulations in the same city have told the owner of the smaller shop that he has to pay the 10 per cent sales tax and include it in the cost of his product. That increases the cost of his product compared with the cost of the product of the larger shop, and so far as competition is concerned the smaller shop is under a handicap.

Mr. Benidickson: I think my hon. friend must be mixing up a sash and door factory with a small furniture factory.

Mr. Gillis: If the parliamentary assistant will look at the departmental files, he will find that I set out the case in detail with all the facts and figures. I regret to say that I did not get any adjustment. That was the way it was and that was the way it had to be. I say it is discrimination against the smaller manufacturer, with two or three employees, who is trying to eke out an existence. It would appear that no change has been made in the regulations, and the smaller manufacturer with not much capital is put in a very bad competitive position when there is a large plant nearby doing the same type of work that does not have the additional handicap of the sales tax.

The hon. member for Moose Jaw-Lake Centre and others have referred to the application of the sales tax. Every time I hear that matter discussed I always think about dominion-provincial relations. I cannot understand how some people can reconcile the attitude of asking the federal government to pay everything while at the same time authority remains in the hands of other bodies. I agree with the member for Ontario in his plea for the municipalities, but to help the municipalities you have got to go through the provincial governments. The federal government cannot make any grants or concessions directly to municipalities.

Mr. Trainor: They are already making them.

Mr. Gillis: Well, I do not think it is going to help them very much. There is a lot of thinking to be done on this problem. We have to look at the British North America Act, and at the interpretation the Supreme Court of Canada has put upon it. In my opinion you will find the Supreme Court of Canada has completely nullified the intentions of the fathers of confederation. These things are all tied in with this whole question.

I feel that a municipality that buys fire-fighting equipment, largely on orders from the civil defence organization today which is demanding uniformity of hose couplings and that sort of thing, should at least be exempt from paying taxes on that equipment. This is part of our defence set-up. In the first place, I believe it should be the responsibility of the federal government to supply this equipment, because there are many small communities that would be very important in the chain of civil defence, and who could very well get along with a less expensive type of equipment, that are forced to have this interchangeable equipment because of a large community close by. This expensive interchangeable equipment is a part of our national program today. I am not going to repeat the argument made by the hon. member for Ontario, because I agree with him.

There are many municipalities across Canada that are nearly bankrupt, and that have no means of taxation except the property tax. This tax is about as high as it can go. I feel the problem has to be argued through the provincial government, and some uniform system arrived at. We could make a start by helping the municipalities, as the hon. member for Ontario has suggested.

Now, this sales tax generally, as it is today, does not amount to 10 per cent at all. Take as an example an article you are importing from the United States, such as a part for an automobile. When it comes into the country it costs perhaps $2. The person who imports it passes on the cost of the article plus whatever duty he paid on it, and then on top of that he adds the 10 per cent sales tax. The article goes to someone else in the city of Toronto, and he adds the 10 per cent sales tax on top of the other fellow's mark-up, the sales tax he paid and the duty he paid at the border. By the time the article passes through three or four hands, as it will in many instances, and the consumer gets it in the maritimes or out in British Columbia, that sales tax amounts to over 100 per cent. It is the method of applying the tax that is wrong.

If we are going to have a sales tax, it should be imposed at the manufacturers' level and the article stamped to show the sales tax has been paid. Then, when it is resold, no one in Canada should be permitted to charge any more sales tax on it. The tax was paid at the manufacturers' level and it was worked into the cost; that is where it should end. It is the pyramiding of this tax right along the line, and the tax being added to a profit of perhaps 20 per cent or 30 per cent by someone along the line, that is the thing that really hurts in the application of the sales tax. If the tax is going to be applied by the retailer, then no one but the retailer should charge that sales tax. If the hon. member for Moose Jaw, for example, were to sell me a refrigerator and the sales tax were going to be paid by him, then no one else should impose it. He should mark the 10 per cent tax on the bill he issues to me, then show the cost of the refrigerator so that I would know what I was paying. That would be a direct tax.

The way this tax is imposed now, it is an indirect tax. It has become a tax on a tax, and a tax on a profit, and instead of being 10 per cent in many cases it runs over 100 per cent. I know the department is aware of this because the subject has been mentioned year after year. I have read speeches made in this house years ago that mentioned this very thing. I believe it is time someone in the department began to sort it out. I know the popular thing to do is to say you are against taxes altogether, but if we are going to function we have to have them. I feel they are misused and abused. I believe the government is getting a lot of blame it does not deserve. The only people who set out the tax as a separate item are the printers. If you go into a printer's shop and get a bill you will see that the printing is shown as so much and then the sales tax is added to that. You know what you are paying. This idea of telling the small manufacturer that he is to apply that sales tax but not to show it, to work it into the cost, is bad. The minister has a file on this kind of thing that I sent him dealing with printing in one instance, and dealing with the small—

Mr. McCann: The small lumber mills and so on; they all added the tax and showed it.

Mr. Gillis: There was one chap about whom I wrote, and he was told not to show it but to work it into his cost.

Mr. McCann: By whom?

Mr. Gillis: By the inspector who goes in and looks at the books to see if the tax is being applied.

Mr. McCann: He may have been told, Mr. Chairman, that he need not show it but I would suggest that he was not told not to show it.

Mr. Gillis: What is the difference? The one way would be dishonest and the other would be honest.

Mr. McCann: They both would be honest practices.

Mr. Gillis: I am not going to argue with the minister, because I intended to do so by correspondence last year. I had the whole case outlined; the instructions from the inspector, the fact they were reviewed at Moncton, and I had the whole thing outlined. I was told that was the way it had to be done. I believe that is the wrong way to apply the taxes. I still believe that if the minister and some of his people would have a look at it there would be a possibility of correcting it. I do not believe the practice is in accordance with the regulations as they are today.

The only reason for making these rambling remarks was the question of purchases made by different charitable organizations in this country. I should like to have that question clarified for my own benefit. I should like to know who are entitled to the exemption, and why they are entitled to it. I should like to know why one charitable organization gets an exemption and another does not. As members of parliament, we are questioned along these lines from time to time, and we are not in a position to give the answers unless we get them here.

Mr. McIvor: I was going to make a suggestion, Mr. Chairman. Those who contribute to charitable organizations get an exemption on their income taxes when they have a receipt. I was going to suggest that any reductions in

taxes for charitable organizations—and I think there ought to be—should be levied against incomes. I think that would be the logical way to get it. They have to have taxes anyway.

Mr. McCullough (Moose Mountain): I should like to support the hon. member for Cape Breton South in his plea to have something done about the present method of imposing the sales tax. I am not going to elaborate except to say I support him and the very fine explanation that he gave to the house of the pyramiding there is of that tax by the time the goods are bought by the consumer. The point I wish to make is not contained within the provisions of the present excise tax amendment. Rather, I want to bring to the attention of the committee a point of administration in connection with the act, and also a point concerning the tax itself.

In Canada the excise tax still applies to motor vehicles sold in this country. While this brings in a large amount of revenue to the federal government, I do feel that in this day and age, when it is recognized by all people that a motorcar is no longer a luxury, but that everyone should have the advantage of owning one, a somewhat different approach might be made to the problem.

On March 10 I received a return to a question I had asked the administration concerning the amount of excise and customs taxes collected by the federal government in connection with the sale of motor vehicles, and this return discloses a total amount of about $90,600,000. I realize that it is easy for a member in an opposition party to rise in the House of Commons and advocate certain tax cuts and changes, because we are not responsible for giving the service of government to our people. In the opposition groups we do make demands upon the government to give extended services; and when I say I think either that this tax should be discarded or that it should be greatly lowered, I do so with a full sense of responsibility.

Speaking for myself, I feel there are other ways the government could collect taxes—

Mr. McIvor: Name them.

Mr. McCullough (Moose Mountain): —without levying an excise tax on motor vehicles. It could get revenue from the imposition of an excess profits tax, through which of course it would get money from those corporations that are making excessive profits. In any case this is a tax to which consideration should be given by the taxation branch of the government, so that it may be made possible for more people in this country to buy cars, and to buy them cheaper.

During the Easter recess various distributors of motorcars brought to my attention the fact that in the administration of the act there is a provision which works a hardship upon them. My understanding is that under that provision dealers must pay the tax prior to the sale of the motorcars they hold. Hon. members know very well that the larger dealers may have on their showroom floors perhaps twenty or thirty motor vehicles; and the submission I am making will apply in proportion to the smaller dealers holding a smaller number of cars.

My understanding is that at the moment the dealers must pay the excise tax for the cars they are holding. They must finance those cars through their banks. These are all responsibilities charged upon the distributors of motor vehicles in this country. I maintain this is not fair to the distributor.

Mr. Benidickson: Does my hon. friend realize that all these taxes are paid upon the sale from the manufacturer to the retailer, the wholesaler, or whoever it may be?

Mr. McCullough (Moose Mountain): I understand that when these cars reach the hands of the distributors they have to pay the tax; and where the cars are held five or six months, as happens on many occasions, this is a charge upon the financial abilities of the distributors.

Mr. Benidickson: That is true of any sale from any manufacturer to any dealer.

Mr. McCullough (Moose Mountain): I am pointing out a feature in connection with the administration of the act which I do not think is a proper one. I am placing before the committee the hardship which, I say, is suffered by the dealer.

Let me say that in my view there is a way in which this could be avoided. The dealers could be allowed to charge the tax on the car when it is sold. The parliamentary assistant may argue that there would be administrative difficulties. My contention is that there could be a recording of the sales, and that the dealers could be charged at the time sales are made. Certainly it would bring about a condition whereby cars could be sold more cheaply. Because, after all, if the dealers are making a greater profit, that would be taken back by the federal government in the form of income tax. If this would mean lower operating costs for the distributors, then in all likelihood, I suggest, the people of this country would be able to get cheaper motorcars.

I bring these two points to the attention of the committee and the government in the hope that the minister will give them serious

consideration. A situation has developed now where many of our dealers, owing to a lack of sales of automobiles and trucks, are not having the extent of turnover they had formerly. I suggest the tax is a hardship on the distributors of motor vehicles.

Mr. Ferguson: Mr. Chairman, I should like to make one brief remark. If there is to be any reduction in the sales tax, then I suggest seriously to the minister that every consideration be given to the abolition of the tax on goods used by charitable institutions for the athletic development of the young people of this country. Those young people should be the primary consideration of each one of us. It is very difficult to supply them with the proper athletic equipment. There is a great lack of it; and if by any chance—and I know money is required to run the country—if by any chance he could add the amount to my income tax, and take it off the kids, I would be delighted. Thank you.

Mr. Benidickson: Mr. Chairman, the debate yesterday and today has focused chiefly on the question of the remission of sales tax. In particular members in the opposition parties have suggested that it would be a comparatively easy thing to widen the opportunities for rebate or remission. Let me assure them we are not exaggerating the administrative difficulties of this form of rebate. As hon. members know, the federal tax on commodities is levied at the manufacturers' level; and after that article has passed through several hands it is very difficult to arrange a rebate.

The Leader of the Opposition suggested that in the case of municipalities it might be possible to have them organized as one entity under a provincial government, and that by virtue of that situation the number of units with which the federal government would have to deal would be reduced. It is true that at the moment provincial governments are exempt from federal taxation. This is not as a result of any concessions, or because these matters are easy to administer. It results from our constitution. That constitution, established more than eighty years ago, has stated that neither government could tax the other.

That particular constitutional requirement does not extend to municipalities. There are more than four thousand municipalities with which the federal government would have to deal in matters of this kind. I repeat that the administrative difficulties must not be minimized. And in support of that I would draw to the attention of hon. members the fact that in the last few days we have heard a good deal about the closer association between the provinces and the municipalities than exists either legally or constitutionally between the federal government and those municipalities.

Notwithstanding that, and notwithstanding the fact that frequently we have heard the province described as the mother of the municipalities, while sales taxes are imposed by five of our provincial governments I know of none of the five that provides a rebate on purchases of municipalities. In addition to that, even when we get into the field of remission with respect to charitable institutions, it is true that the federal government has provided a certain and a considerable measure of remission to certain defined charitable institutions.

The hon. member for Cape Breton South asked that they be defined. As the hon. member for Eglinton said, we have had this provision since 1950, and the institutions that are free from federal sales tax are those bona fide institutions that care for children, the aged, the infirm, the incapacitated, if the institution qualifies and receives a grant either from a federal or from a provincial government. That means that all this class of institutions, in so far as federal sales tax is concerned, gets a rebate. On the other hand, hon. members will again recognize that there is a much closer relationship, in the field of health and welfare, between a provincial administration and hospitals than there is between the federal government and those hospitals. But I know of no provincial government—and there are many that are imposing sales tax—that provides similar remission on the purchases for hospitals.

The hon. member for Ontario referred, as a specific example, to the possibility that a school board in his city might save considerable sums were they not subject to a federal tax. I indicated to him that practically all building materials are among that wide class that are exempted from federal sales tax; but this is not true in the case of five of the provinces that impose sales taxes. In other words, if a school board in any of those five provinces had to pay out taxpayers' funds for the construction of new buildings, it would be exempt from federal tax in so far as practically all the materials that go into that building are concerned. But in the case of those provinces that impose a sales tax, they would have to pay to the provinces a sales tax, even though, as I say, we have heard frequently of the close relationship, of motherhood, of the municipalities to the provinces.

Mr. Fleming: May I ask a question? In the case of how many of the provinces which do impose a sales tax is that sales tax applicable to construction materials entering into the building of schools?

Mr. Benidickson: Building materials as a class are generally taxable under the sales tax provisions of the five taxing provinces; whereas the—

Mr. Fleming: Will the parliamentary assistant state what provinces do impose sales tax on construction materials entering into schools?

Mr. Benidickson: My point was that exemptions are not provided by those provincial administrations to municipalities or school boards; and since they generally tax building materials, school boards would have to pay the tax on the materials that go into the construction of schools.

Mr. Fleming: Will my friend answer that question, then? Will he tell us in what provinces sales taxes are levied on construction materials that enter into the erection of schools?

Mr. Benidickson: My source of information is a book put out last year for the Canadian Tax Foundation by John F. Due, and in that—

Mr. Ferguson: We would rather take the government's figures.

Mr. Benidickson: —he says that building materials are taxable in these five provinces, namely, Newfoundland, New Brunswick, Quebec, Saskatchewan and British Columbia.

Mr. Fleming: Does the author of the work in question say that the provincial sales tax in that case is applicable to construction materials entering into the erection of schools?

Mr. Benidickson: I think my hon. friend can assume that from the explanation that I have given him. I certainly do.

Mr. Hodgson: The parliamentary assistant does not know that for a fact.

Mr. Benidickson: In addition, so that this question of administrative difficulty is not minimized, I want to point out to the hon. members that in the case of those five provinces that impose sales tax, they themselves have seen the administrative convenience of taxing even the departments of the provinces in connection with their purchases. Again, in the case of the federal government, so difficult and costly is the paper work in connection with exemptions, rebates and remissions, hon. members know that similarly in the case of the federal government the purchases of those departments bear sales tax.

Mr. Nicholson: It is indirect; therefore it is much easier to pay.

Mr. Benidickson: I suggest to my hon. friend the very opposite. I suggest to my hon. friend that when a sales tax is imposed at the manufacturer's level, and when that article is sold at retail level without the tax being specified, administratively it is much more difficult to provide a rebate in connection with the federal tax than it would be in the case of the provinces where the tax is imposed at the retail level and, as my hon. friends have pointed out, is seen.

Mrs. Fairclough: Is it not true that the department does have a formula for providing for these rebates where they are in order?

Mr. Benidickson: In connection with the institutions, there is a rough formula, but it is not, as I say, too easy to operate administratively. We would find a terrific enlargement of the people with whom we would have to deal if we widened it beyond what we are doing.

Mrs. Fairclough: It is done all the time now, though.

Mr. Benidickson: It was suggested yesterday that even when one does a good thing or moves along, as we are in this particular instance, in an experiment or an innovation, there are people who are bound to say: Well, it is not good enough. We have had some very vehement criticism on a couple of points this afternoon from hon. members of the official opposition particularly. I remind them that municipalities have made those same requests during the period in the life and memory of hon. members facing me when administrations that were of their choice had an opportunity to rectify this particular point and did not.

Mr. Fleming: The problem is infinitely more acute today.

Mr. Benidickson: I suggest to my hon. friend again the very opposite. I draw to his attention the predicament of the municipalities when friends of his were in power politically on the last occasion, and I say that most municipalities by no means are having the difficulty financially today that they had then.

Mr. Ferguson: That was right after the Liberal party started the depression, you mean. It started in 1929.

Mr. Benidickson: That opportunity was not taken. The tax exemption suggestions of course come very easily from people in opposition. We have also heard this afternoon about some inequity in taxes of the indirect type. Again I remind my hon. friends that when that government, again of their choice, levied the tax, some 63 per cent of the total taxes received by the federal administration were of the indirect type that has been criticized this afternoon.

Mr. Fleming: The total amount was only a fraction of what it is today.

Mr. Benidickson: In contrast to some 30 per cent at present.

Mr. Rowe: Will the parliamentary assistant permit a question? Will he tell us what percentage the dominion government allowed the provinces to collect of the total tax of the dominion at that time, compared with today?

Mr. Benidickson: Perhaps I can give that to my hon. friend at another time.

Mr. Fleming: I do not wish to interrupt my hon. friend if it is not convenient, but he—

Mr. Benidickson: I listened pretty attentively to my hon. friend yesterday, though I was prompted several times to correct him.

Mr. Fleming: Does my hon. friend not wish to answer the question now? If not, I shall leave the matter until later.

Mr. Rowe: If you could correct him, why would you not answer him?

Mr. Fleming: I was going to ask my hon. friend this question. Instead of talking about the averages, will he deal with absolute figures of taxes collected, both of a direct and an indirect nature, by the federal government? Let him go back to the year 1935 and compare that with 1953-54.

Mr. Benidickson: I think percentages are a fairer comparison in connection with the point that I have just mentioned; but I want to say this—

Mr. Rowe: I hope you can correct him better than you can answer him.

Mr. Benidickson: As I said on May 5, we are taking the first step in this respect. I listened to my hon. friend from Peace River, and I recall that in the debate last year he himself said that if a total exemption could not be provided it would be a very desirable thing to pick out the more costly items of municipal expenditure and provide an exemption with respect to them. That, as an experiment and innovation, is being done this year. My hon. friend from Peace River

the other day made certain assertions about the tax on automobiles, and he referred particularly to the weight of tax on school buses. It is true that there is a sales tax on school buses, but I would remind my hon. friend, if he is not already aware of this, that there is no excise tax on a bus or on a truck.

During his speech the hon. member made a reference to the tax on certain motor vehicles and I was a little surprised to find that in the figures he gave he was referring to an ordinary Chevrolet car and gave the factory price at some $2,200. I made some inquiries today in regard to a Chevrolet standard two-door sedan and I find that the retail price, not the factory price, of that vehicle was $2,190 and the tax was not in excess of $500 but amounted to $370.

Mr. Low: That is the manufacturer's level. I referred, of course, to the retail level.

Mr. Benidickson: Yesterday my hon. friend used the word "factory" level.

Mr. Low: I said the tax average at the manufacturer's level.

Mr. Benidickson: Yes, but the tax is certainly not over $500.

Mr. Low: If the parliamentary assistant will refer to the other part of my speech he will see exactly what I meant. I said that by the time the purchaser bought the car from the retailer he had to pay over $500 in taxes.

Mr. Benidickson: In this particular case the same point has been made by the hon. member for Moose Jaw-Lake Centre. He made the suggestion that there should be some special marking of the taxes which are applied, but that is generally true in a large item such as an automobile, and in most cases the dealer indicates not only the sales tax but the excise tax. In my investigation this morning I found that that was done and both these taxes were spelled out on the tag attached to the car.

Mr. Trainor: But may I point out that the motorcar industry is the one single exception in this regard.

Mr. Benidickson: I think there are probably some others, but this is a conspicuous example. In this connection I made another small calculation which may be of interest to my hon. friend from Moose Jaw-Lake Centre. I do not know whether in spelling out certain items of cost he, as a merchant, would also wish to set out the cost price. In the case of the automobile, by the mere fact that they specify the 10 per cent sales

tax, it is very easy to determine the manufacturer's price of that vehicle. I checked on another low-priced car. The delivery or retail price was $2,245; I found that the sales tax was $137. With these particulars one can very easily calculate that the manufacturer's selling price is $1,377 and the total taxes amount to $343. I believe my hon. friend told us that generally speaking taxes were the equivalent of the wages paid out by the automobile industry, and perhaps even more. Let us say, the tax and wages would amount to $680. But I have found that the dealer's mark-up accounts for some $525. Now, my hon. friend, as a retailer, can use his own judgment in regard to specifying and marking the 10 per cent sales tax on some of these articles, but I do not think he would do that in his own business.

Mr. Thatcher: I would be delighted to do that for the parliamentary assistant if others would do likewise.

Mr. Benidickson: That is a good proviso.

Mr. Thatcher: There is no sense in my doing it alone.

Mr. Rowe: That sounds like free enterprise.

Mr. Benidickson: We have had some figures presented to the committee as to the probable saving which could be made by municipalities were they not subject to the sales tax, but on some occasions I have found these figures very vague and the language difficult to comprehend. For example, in the case of the city of Edmonton, the Leader of the Opposition used these words, as reported at page 4774 of *Hansard* for May 17, 1954:

> We find . . . that last year the mayor of the city of Edmonton stated that if the dominion had paid its share of the general obligations that the municipalities have been asking the dominion to bear, there would be a saving of approximately $600,000 in that city.

Hon. members will easily recognize that that certainty cannot be tied down to the sales tax. My hon. friend from Eglinton very quickly accepted his leader's figures in the case of Montreal, and I have no doubt that in the case of Montreal the sales figure referred to includes the other sales tax I mentioned which is imposed by the provincial government.

Mr. Fleming: Mr. Chairman, my hon. friend should not assume that. The figure given by the Leader of the Opposition was provided by authentic Montreal sources—

Mr. Benidickson: I will quote the words.

Mr. Fleming: —and the figure I quoted as to Toronto in regard to taxes amounting to $500,000 was a federal tax. My hon. friend knows there is no provincial sales tax in Ontario.

Mr. Benidickson: My hon. friend, as was the case recently, is not too careful with his figures. I would like to refer to his last radio address over a national network when he used an astounding figure in regard to taxes on automobiles. He said, and I have a copy of the speech here, that in the United States the sales tax amounted to $90 on certain low-priced cars. Now, I know that the federal sales tax on automobiles in the United States is 10 per cent and I do not know of any car which sells at the manufacturer's level for $90.

Mr. Ferguson: The car does not sell for $90. Surely he did not say that.

Mr. Benidickson: I beg your pardon, $900.

Mr. Ferguson: I beg your pardon for correcting you.

Mr. Benidickson: The other day I made certain inquiries with respect to cars in the low-priced field and I found that across the border the cheapest of these low-priced cars sold for $1,250, and I find that in Canada the same car at the manufacturer's level costs $1,356. I suggest to my hon. friend that he cannot indicate any car in the United States which bears a tax of only $90, and to which he made reference in his radio address. I also want to point out that in—

Mr. Fleming: May I ask my hon. friend what tax that car bears?

Mr. Benidickson: Ten per cent without state tax.

Mr. Fleming: Then that tax would be $125 in the United States.

Mr. Benidickson: That would be the minimum. The factory price is somewhat higher in Canada.

There were one or two other points raised during the debate to which I think I should reply. The hon. member for Nipissing referred to an item in the excise resolutions and asked whether this would have the effect of making the containers or bottles for the soft drink industry taxable. If those containers are returnable, as is generally the case, they will not be subject to excise tax by reason of this change. However, I understand there is some tendency to distribute beverages in cans. If they are distributed in cans that are thrown away, the can as well as the content would be subject to a tax under this regulation.

The Deputy Chairman: Shall the resolution carry?

Mr. Fleming: No, Mr. Chairman. There are some things in the rather bellicose speech of the parliamentary assistant that I think call for some comment.

Mr. McIlraith: It was the interruptions that were bellicose.

Mr. Fleming: No. It was the tone of the parliamentary assistant's remarks that was bellicose. Apparently the hon. member for Ottawa West was not paying attention.

Mr. McIlraith: No; it was the tone of the interruptions.

Mr. Fleming: The hon. member for Ottawa West may have lost interest in what was going on in the house.

I wish to refer briefly, Mr. Chairman, to several of the remarks that have fallen from the lips of the hon. gentleman. Let me speak first of all about the matter of the sales tax levied by the federal government and of which he spoke. He undertook to take issue with a figure used by the Leader of the Opposition in his remarks yesterday. The Leader of the Opposition referred to the collection by the federal government of sales tax at the expense of the municipal corporation of Montreal. The parliamentary assistant is asking the committee to believe today that that was a figure of combined federal and provincial sales tax. Mr. Chairman, it is no such thing.

Mr. Benidickson: It included contractors' expenditures.

Mrs. Fairclough: No.

Mr. Benidickson: Yes, it did. Read *Hansard.*

Mr. Fleming: May I say to the hon. gentleman that the source of the figure is a publication of the city of Montreal. In that publication we have this statement:

> The city of Montreal has paid in the year 1951-52 an estimated amount of $382,000 for the federal sales tax of 10 per cent on materials and equipment purchased either by the city itself or by contractors who carry out its works.

Mr. Benidickson: By contractors; surely.

Mr. Fleming: That is the direct expense of the city of Montreal. Is my hon. friend saying that, because the city of Montreal has certain work carried out on its behalf by contractors and therefore it is the contractors who have to pay the federal government, by some magic that is not a federal sales tax paid by the municipality? Surely in this chamber we have not reached the point where that kind of sophistry carries any conviction.

Mr. Benidickson: Does the province of Quebec exempt those contractors' expenditures?

[The Deputy Chairman.]

Mr. Fleming: I do not happen to know the answer to that question; and from the way my hon. friend runs away from my question I can judge that he does not know either.

Mr. McIlraith: Would the hon. member permit a question?

An hon. Member: Sit down.

Mr. McIlraith: If he would permit a question, I would appreciate it.

Mr. Hodgson: The hon. member is not a minister.

Mr. McIlraith: Can the hon. gentleman tell the committee who retains ownership of the equipment on which that sales tax is paid? Is it the contractor or is it the city?

Mrs. Fairclough: The city.

Mr. Fleming: Evidently the city. We are not talking simply about purchases of equipment that the contractor used in his own business apart from the city. This is put forward by the city of Montreal as the payment by them of sales tax on materials and equipment purchased either by the city itself or by contractors who carry out its works. That is all passed on by the contractor to the city and, in that way, to the municipal taxpayer. That is the whole point.

Mr. McIlraith: I had understood quite differently the quotation read by the hon. member for Eglinton. I had understood it to imply that the contractor retained ownership of the equipment and that all the city of Montreal was saying in its statement was that the tax those contractors paid was a factor of cost to the city. But it did not go on to say that, as is now being argued, the whole of that tax was applicable to the city and a direct cost on the city as such.

Mr. Fleming: If there was anything lacking in my observations, I must express my appreciation to the hon. member for Ottawa West for having clarified whatever was left in need of clarification in my remarks. We have the statement of the city of Montreal. I made a statement yesterday in this chamber as to the payment of federal sales tax by the city of Toronto, and I said that amount had been calculated by the city treasurer or finance commissioner to be in the sum of $500,000 in a year. Those are incontestable facts. Let us not have any beating about the bush with regard to the matter.

Mr. Benidickson: Has my hon. friend any breakdown of the expenditure?

Mr. Fleming: No; I have not a breakdown. However, that was the statement. I quoted it here yesterday. I quoted it in the house last year. At the same time I said

that no one knows how much is being collected by the federal government in sales and excise taxes at the expense of the municipalities because there is no segregation of the figures. In the two instances that are under discussion, we know what those two principal cities in this country are paying; and we can properly infer that substantial amounts of money are being collected by the federal government in sales tax and excise tax at the expense of municipal corporations. I believe a figure has been given for the city of Vancouver. Enough figures are available, Mr. Chairman, to leave no doubt in the mind of anyone who wants information on this subject that the federal government is collecting extremely large sums of money at the expense of the municipalities.

Mr. Benidickson: They will likely find the exemptions for these costly items to be very beneficial.

Mr. Rowe: The few that are being given; yes.

Mr. Fleming: The parliamentary assistant keeps coming back and talking about some items. I have been talking about the actual imposition on the municipal taxpayers of these several cities of federal sales and excise taxes. Those figures are incontestable. I do not quite follow the purport and the purpose of the hon. gentleman's present interruption.

Mr. Lennard: He does not know himself.

Mr. Fleming: Let us turn for a moment to his interesting reference to the collection of sales and excise taxes some twenty years ago. It is an extremely poor answer to a strong case to delve back a generation ago and to say that no action was taken by the government of that day to meet the problem that is now under discussion. The fact of the matter is that whatever may have been done or left undone at that time, the needs of the situation are apparent to anyone today who is a realist. My hon. friend excuses the failure of the present government to bring any relief in the field of indirect taxation by saying that in 1935, when the Bennett government went out of office, the federal government was collecting 63 per cent of its total revenues in the form of indirect taxes. I have not the figures before me. I am not in a position to comment on the accuracy of the hon. gentleman's figure. I have no doubt that he is speaking from acceptable government records. However, I wish to look a little bit further into those figures. The budget of the federal government in that year was something between $400 million and $500 million. Actually, if my memory serves me correctly, it was less than $450 million. The budget with which we are dealing today is more than ten times the budget of 1935. My hon. friend's figures of percentages are not particularly eloquent in the light of the actual amounts. What was 63 per cent of $450 million? Mr. Chairman, it was something under $300 million, in round figures. But the federal government today is deriving 40 per cent of its revenues in indirect taxes. What is 40 per cent of a figure which is close to $5 billion? You have to take into consideration the other charges made by the federal government in reckoning up the total they take by these indirect taxes. That 40 per cent, Mr. Chairman—again taking a round figure—of $5 billion is something like $2 billion. Let my hon. friend give figures and not these misleading percentages. Let him compare the less than $300 million taken in indirect taxes in 1935 with the almost $2 billion taken today by this government in the form of indirect taxes. There you have a fair basis of comparison.

Again, Mr. Chairman, my friend speaks of the problem of 1935 as though it were more acute than the problem today. It is quite true that many municipalities were bearing a very heavy burden in 1935. There were many municipalities in default in this country. No one denies that. The fact of the matter is, however, that the federal government today is taking many times more from the municipalities in indirect taxes than it took in 1935.

Let it not be forgotten that when the Bennett government went out of office in 1935 the sales tax was levied at the rate of 6 per cent, and in that fateful year of 1935 the late Mr. Mackenzie King campaigned up and down the country denouncing the sales tax and referred to it as "that iniquitous tax".

Mr. Benidickson: Do not get bellicose.

Mr. Fleming: But right after he came into office he promptly raised that iniquitous tax from 6 per cent to 8 per cent, and it was left for the present government to increase it three years ago to 10 per cent. One does not look for consistency on the part of the government in its utterances. One would look in vain for any fair basis of comparison in any figures they have given. But let us remember, notwithstanding the way in which my friend has hurled about these misleading percentages, that the fact of the matter is that the rate of sales tax today is 66⅔ per cent greater than it was in 1935 when the Bennett government went out of office. Let us remember that the total of indirect taxes on all accounts collected in 1935 was less than $300 million whereas today it is around the $2 billion mark.

Sir, my friend threw about so many figures that I do not know whether I have covered all that I intended to cover. I have this comment to make on what he said about the sales tax on American motor cars. He worked himself into quite a lather over what he said was the astounding figure of $90 that I had used in a radio address as being the federal tax on a standard type low-priced motor car in the United States. I took that figure from published figures of the American automobile industry and I have no doubt it is correct.

Mr. Benidickson: I assure my friend that it is not.

Mr. Fleming: But I draw to the attention of the committee that what my friend worked himself into such a lather over was the difference between his figure of $125 tax on a motor car and mine of $90. Apparently there is such a world of difference between $90 and $125 that my friend is justified in fulminating in the manner in which he did this afternoon.

Mr. Harris: Pretty nearly 40 per cent.

Mr. Fleming: Yes, it is a figure of about 35 per cent more than the figure I used. I am quite prepared to take the figure published by the American automotive industry as an authentic figure. It is a figure that has been published in that country and in this country as well.

Mr. Rowe: This is the first time the government has been so concerned about $35.

Mr. Fleming: If the parliamentary assistant is looking for ways of saving $35, then I suggest to him that he might take another look at the excessive taxes on Canadian motor cars that are being collected by his government. The figure I quoted in my recent radio speech, to which he did me the honour of making reference in his remarks, was contained in this sentence:

> For example, the federal tax on a standard type low-priced motor car without extras is $350 in Canada and only $90 in the United States.

Mr. Macdonnell: He was only 40 per cent wrong.

Mr. Benidickson: It was the hon. member for Eglinton who was 40 per cent wrong.

Mr. Fleming: The fact is that I should like to see the hon. gentleman, with his powers of subtraction, go to work on that figure of the Canadian tax and see what he can do to convince his minister and his government that the time is long past when a substantial reduction should be made in the heavy federal imposition on motor cars in this country. We hear people complaining about the high cost of motor cars in Canada. The fact is that the Canadian federal government is contributing very substantially to the high cost of motor cars in this country and to the extent to which the cost of such motor cars in Canada exceeds that prevailing in the United States.

I shall not try to go over the ground further. We have had discussions in the house on the subject of indirect taxes. The reasons that the federal government chooses to levy its sales taxes at the manufacturer's level rather than at the retail level are that the taxes in that way are hidden and the consumer does not know what tax he pays, and, in the second place, that it is easier for the federal government to do it that way, regardless of the effect on the consumer, regardless of the fact that these taxes accumulate mark-ups as they pass from hand to hand, pyramiding as they go. But that has not given the government any degree of trouble or concern. What has concerned them is that they should find a way in which it will be easy for them to extract these taxes from the people so that the consumer who buys the goods shall not know exactly what he is paying in federal sales taxes.

Of course the provinces have no option in the matter. If they are going to collect a sales tax it must be at the consumer level because they have no power to levy indirect taxes. But in the United States the federal government has been a little fairer with the consumer and, where it finds it necessary to impose a sales tax, does not hesitate to levy it on the consumer rather than on the manufacturer or producer.

I commend that example to the consideration of the government. I have not said that the federal government in the United States collects all its excise and sales taxes in that way but I do say that the federal government in the United States has not found it impossible to collect its sales taxes at the consumer level rather than at the producer level. I commend that to the consideration of the government.

Mr. Knight: It is a little difficult to disentangle the customs tariff, excise taxes and sales taxes, particularly with respect to such a matter as I want to mention, the taxes that still remain on books. I was glad that the government moved considerably in the matter of abolition of the sales tax. It was an important step that they took and I congratulate them upon it, but I am still concerned that there should be any taxation upon the dissemination of knowledge because such, I consider, is any tax upon books. I am not of course alone in that opinion. The people who

use libraries are concerned, and may I say that we are woefully deficient in the matter of libraries.

Mr. Benidickson: What kind of books does my hon. friend have in mind? There is a very general exemption, as he knows.

Mr. Knight: I know there is a fairly general exemption, but what about the application of the customs tariff upon books? Novels and fiction at least are still subject to a customs tariff of 10 per cent. Is that not true?

Mr. Benidickson: That may be. Of course we are not on the customs tariff resolution at the moment, but so far as the sales or excise taxes are concerned, there is a very wide exemption. Books exempt from sales tax include books printed and bound that contain no advertising and are solely for educational, technical, cultural or literary purposes, and materials for use exclusively in the manufacture thereof, etc.

Mr. Knight: Is that item 169?

Mr. Benidickson: It is one of the items in schedule III to the Excise Tax Act, and the act itself says that the items in schedule III are exempt from sales tax.

Mr. Knight: I got a return with respect to the matter in 1951, I believe, but I know the picture has changed since.

Mr. Benidickson: Last year we extended the exemption to books of the category that I have outlined.

Mr. Knight: Am I justified in interpreting the parliamentary assistant's statement to mean that there are now no sales or excise taxes on any books that could be considered educational?

Mr. Benidickson: That is correct.

Mr. Knight: I could postpone my discussion of the tariff duty until another occasion when the estimates of the minister in charge of that department are before the committee. I was not aware that the exemption was so complete.

Mr. Benidickson: Last year.

Mr. Knight: I know there are some books that are still subject to the sales tax, but whether or not they could be classed as educational, I do not know.

Mr. Benidickson: Of course, I indicated that one of the exceptions would be books that contained advertising. I am sure that is not what the hon. member has in mind.

Mr. Knight: I am not worrying about those for the moment. I am glad to have the parliamentary assistant's assurance on that point. As I said a moment ago, I am in complete sympathy with the removal of all taxation, I do not care from what source, upon reading material. I congratulate the government upon acceding to our wishes in that regard. This is a fight in which I have been engaged for a good many years.

Mr. Herridge: I have just one point to bring to the attention of the parliamentary assistant in connection with books. I wish to draw his attention to the fact that I have two or three groups in my riding who are interested in historical events, who have published books in connection with jubilee celebrations held in small cities or towns. The Kaslo committee in my constituency provides an illustration of my point. Last year, without any knowledge of the advertising terms of the act, this committee published a very good history of the city in question for sale during the jubilee. The book was supposed to be published at cost, but in fact the committee lost money on the publication. I was wondering what could be done about that sort of thing in the future to inform people who may publish a book of great interest and value. In this case the book was circulated amongst those interested in history and the school children and the committee did not think that by accepting a few advertisements they would have to pay sales tax.

Mr. Benidickson: The fact that it is put out with a fair advertising content or any advertising content is justification for considering it a commercial venture, and it is subject to sales tax.

Resolution agreed to.

EXCISE ACT

That it is expedient to introduce a measure to amend the Excise Act and to provide, among other things:

1. That the excise duty on malt be repealed and an excise duty of thirty-eight cents a gallon be imposed upon all beer or malt liquor subject to an allowance for wastage.

2. That any enactment founded upon this resolution be deemed to have come into force on the seventh day of April, nineteen hundred and fifty-four.

Mr. Benidickson: Perhaps hon. members would like an explanation of the purpose of this change. Paragraph 1 of the resolution proposes that the excise duty of 21 cents per pound on malt be repealed, and that all beer and malt liquor be subject to an excise duty of 38 cents per gallon. It is a change of method. The purpose of the change is to

introduce a more modern method of taxation rather than to substantially alter the general level of taxation in the industry.

At present the law also provides that where beer is brewed from a substance other than malt, for example from brewer's corn flakes or other corn adjuncts, an excise duty of 42 cents per gallon of beer will be levied in lieu of the duty on malt. This rate has been in effect since April 8, 1952, when this gallonage duty was set at 42 cents per gallon. I am informed that approximately 2 pounds of malt were used in the production of one gallon of beer, thus making the gallonage duty about equal to the effective rate of duty on the beer brewed from malt.

However, due to changes in the brewing process the amount of malt used in the production of a gallon of beer has been steadily reduced. Consequently beer brewed from malt has been taxed at a lower rate than beer brewed from other substances. Representations have been received from farmers and others engaged in processing corn for use in the brewing of beer to the effect that brewers were reluctant to use corn adjuncts because of the differential in the two rates of duty. Adoption of this amendment will, of course, entirely remove the differential and brewers will have no reason to refrain from using corn products because of the excise duty.

Available information indicates that at present, on the average, about 1·8 pounds of malt is used in brewing one gallon of beer. I mentioned that when the tax was set it was assumed that two pounds of malt would be used in the production of a gallon of beer. This means that the previous duty levied on the malt content of beer was about 38 cents per gallon; that is the proposal in this amendment. Broadly speaking, the introduction of the new rate of 38 cents per gallon will not change the levy on malt beer. On other beer the duty will be reduced to 38 cents from 42 cents, but this class of beer constitutes only about 6 per cent of Canada's total beer production.

Mr. Nicholson: Can the parliamentary assistant indicate what will be the position of the government so far as revenue is concerned when this change is made?

Mr. Benidickson: I indicated there will be a slight reduction in the case of the 6 per cent of beer that is brewed from corn adjuncts, but in the case of the beer brewed from malt there should be no substantial change because of the ratio of malt now going into the brewing of beer which has worked out now roughly to 38 cents per gallon, and that is the proposal in the amendment.

[Mr. Benidickson.]

Mr. Nicholson: I would think there would be some estimate in terms of dollars and cents as to what the position would be. Can the parliamentary assistant give us that?

Mr. Benidickson: As I said in my statement, we really do not expect much change in revenue, assuming the same quantities are produced. I might indicate that the revenue from the 21 cent per pound tax on malt for the last year for which I have figures, 1952-53, amounted to something in excess of $80 million.

Resolution agreed to.

The Deputy Chairman: Shall we proceed to the next resolution, the customs tariff? It starts on page 7 of the ways and means resolutions.

Mr. Benidickson: I wonder whether we could have the income tax resolution, Mr. Chairman, because of the personnel of assistants I have with me?

The Deputy Chairman: Is it agreed?

Some hon. Members: Agreed.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That the exemption of income from metalliferous or industrial mineral mines for the first three years of production be extended to mines coming into production during the calendar year 1957.

2. That the special deduction from income allowed to taxpayers whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, for expenses of exploring or drilling for oil or natural gas in Canada, be allowed for expenses incurred in the calendar year 1957, and that in addition a similar deduction be allowed to corporations whose principal business is mining or exploring for minerals, for expenses of exploring or drilling for oil or natural gas in Canada incurred in the calendar year 1957.

3. That the special deduction from income allowed to corporations whose principal business is mining or exploring for minerals, for expenses incurred in searching for minerals in Canada be allowed for expenses incurred in the calendar year 1957; and that in addition a similar deduction be allowed to taxpayers whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, for expenses of searching for minerals in Canada incurred in the calendar year 1957.

4. That the special deduction from income and taxes allowed to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum and to taxpayers whose principal business is mining or exploring for minerals, for expenses incurred in respect of deep-test oil wells be allowed for expenses incurred in respect of deep-test oil wells spudded in during 1955.

5. That for the 1954 and subsequent taxation years the deduction allowed to an employer or employee in respect of amounts paid or contributed to or under an approved superannuation fund or plan shall be increased from $900 to $1500.

6. For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business, and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

7. For the exemption from taxation for the 1954 and subsequent taxation years of insurers, not less than 50 per cent of whose gross premium income was in respect of the insurance of farm property, property used in fishing or residences of farmers or fishermen.

Mr. Benidickson: On May 5, when these resolutions first came before the committee—

Mr. Fleming: Before the parliamentary assistant proceeds with his remarks may I make a suggestion about the way we might proceed?

Mr. Benidickson: I was going to do that. I was speaking to a point of order. As I was saying, at that time a ruling was made that we would vote once on a resolution. In looking at some of the debates in previous years, I recalled that it might be of convenience to the committee to deal with the paragraphs seriatim. I think that some freedom was allowed at the introduction of the resolution for some general discussion, and when it appeared that members had been satisfied in that respect the chairman did direct the discussions specifically to the individual paragraphs of the resolution.

Mr. Fleming: May I suggest that it would contribute greatly to an orderly discussion if the suggestion made by the parliamentary assistant were followed. The first four paragraphs of the resolution respecting the Income Tax Act relate, broadly speaking, to one subject, the petroleum industry. Paragraph 5 relates to quite a different matter, the effect of the exemption of contributions by employers and employees to approved superannuation funds. Then, paragraph 6 applies to something quite different again, namely the taxes on mutual insurance corporations. I would urge, Mr. Chairman, that when we do proceed, if you will call the paragraphs individually it will greatly contribute to orderly discussion in the committee.

Mr. Herridge: I should like to make an observation in view of the remarks that have been made. I feel, in view of the procedure that was carried out last year and the procedure on the Excise Tax Act, there should be a limited general discussion and then the paragraphs should be called in order. Otherwise, those of us who want to make a few additional suggestions would be ruled out of order.

The Deputy Chairman: I believe the hon. member for Kootenay West has pointed out the only real difficulty. If I might be permitted to express a personal opinion, I would say that the ruling, if one could call it that, which I quoted the other day does not in my opinion add to orderly discussion. At the same time it is my duty to point out that we can carry or vote down only one resolution, and that the question cannot be put paragraph by paragraph.

I suggest therefore that whatever we undertake to do should be done by mutual arrangement and agreement. Then perhaps when we reach detailed discussion the chairman might use some such form as, "shall we proceed to the consideration of the next paragraph?" and then the question would be put at the end.

The hon. member for Kootenay West has pointed out that some general observations with respect to the income tax, and points omitted from the resolution, might be in order. I think I shall endeavour to make no ruling. I would suggest that by consent hon. members in the committee would endeavour, if they have any general observations to make, to make those observations; then perhaps the Leader of the Opposition or of the government might indicate that we are prepared to discuss the paragraphs one after another.

I do wish to make it doubly clear that I am not presuming to upset any ruling which may have been made previously. I am just saying that if there is a willingness in the committee to do so, we can discuss the resolution in that way.

Mr. Fleming: Agreed.

Mr. Herridge: Thank you very much, Mr. Chairman, for your consideration and the suggestions you have made. I wish to make a few comments on the question of income tax deductions with respect to individuals and corporations, because they are both mentioned in this Income Tax Act resolution as we have it before us. I wish to refer particularly to some suggestions that are not mentioned in the resolution.

I do not lightly suggest the granting of exemptions, just for the sake of pleasing everybody, because I know we have to collect taxes and to meet our responsibilities. But I do wish to bring to the attention of the parliamentary assistant what I consider to be three or four omissions in the present resolution.

The first of these concerns a number of my constituents, and has concerned them for a number of years. I refer to the fact that there is no exemption in respect of what I would

term unusual or abnormal travelling expenses. I refer to expenses incurred by workers and other people who have to proceed some distance to their places of employment. The need for this exemption is increasing because, more and more in order to obtain housing and other accommodation, working people, and those who are performing services, find that they must live at greater distances from their employment. For instance some of the workers of the Consolidated Mining and Smelting Company now live as far as thirty miles away from their employment. They have been forced to go that distance to obtain satisfactory sites for the building of their homes. Without doubt it is an exceptional expense for these workers. I am informed the same situation is found in other parts of the country. It is a constant cost over which these people have little or no control. We provide an exemption for a salesman who travels even a hundred miles to sell bubble gum. In contrast to that provision I do suggest there should be some consideration for the abnormal and unusual expenses of working people who are contributing to the production of this country.

I wish now to refer to another heavy expense experienced by those in my constituency who have to resort to the use of ambulances. Owing to the distances that must be travelled, ambulance charges sometimes run to as much as $50 or $100. Indeed, frequently people have to be taken 150 or 175 miles for treatment, I do think that under such circumstances ambulance charges should be deductible for income tax purposes. When a person requires an ambulance in an emergency he or she is ill or has suffered an accident, and most certainly is going to be unemployed for some time.

Then with respect to farm improvements I would point out that in the resolution the mining and oil companies are given exemptions for the development of their properties on the principle, as I understand it, that they are increasing the total productive capacity of the country. I make a plea for the farmers who are clearing land, or who may be draining or irrigating land. In this way they, too, are increasing our production. The costs incurred in these clearing, draining or irrigating operations should be allowed as deductions for income tax purposes.

There is one further point which is of particular interest to many of my constituents. It is also of interest to me, because I have been interested in the forest industry all my life. I believe those engaged in forestry are entitled to the same kind of exemption as those who are engaged in the mining or oil industries. Those in the forest industry should receive exemptions in respect of work undertaken to increase the conservation of timber on their properties, and in connection with replanting, the building of roads, the proper management of their properties and, in particular, for expenditure on fire protection.

I have brought this to the attention of the house on a half dozen occasions and, in this connection, wish to read from the report of the department of resources and development for the fiscal year ended March 31, 1953. This makes reference to the activities of the forestry branch of the then department of resources and development, and states at page 97:

> During the year, the interdepartmental committee on the relation of income tax deductions to forest management made its report. This committee, set up under the direction of the minister of resources and development was composed of representatives of the departments of finance, of national revenue (taxation division), and of resources and development. The committee, with the director of this branch as chairman, was particularly interested in corporation income tax deductions and their relation to sustained-yield forest operations.

It is interesting to note that they were interested only in corporation income tax deductions. What about the individuals who are also undertaking this kind of work in the forestry industry? The report continues:

> Informal representations by the forest industries and discussions by the committee members resulted in two main changes with respect to income tax-deductions, both of which will encourage sustained-yield management.

I agree with that, and have spoken in favour of it on many occasions. The report continues:

> Access roads and trails are now subject to a generous rate of depreciation, and forest management expenses designed to promote sustained yield are, generally speaking, recognized as current costs for income tax purposes.

That is the very thing several of us have been advocating in the house for a number of years. But according to this report it applies only to corporations. I wish to say that from my knowledge of the lumbering industry in my constituency I have not heard of any of the smaller companies or individual operators receiving any exemptions, or having knowledge of the policy designed as a result of this investigation.

Mr. Benidickson: That is an interesting point; but the act uses the word "taxpayer". So that it does not make any difference whether a taxpayer is a corporation or an individual, the same principle would apply. If an individual had an income from the business of logging or forestry he would have

exactly the same rights in the same circumstances as have been read out by the hon. member, although he referred to a "corporation".

Mr. Herridge: I have practically completed my remarks, but I should like to ask the parliamentary assistant this question: What has been done to inform industry of this provision? I am confident, from my personal contact with quite a number of lumber operators who are attempting to carry on their operations along forest-management lines, that they are unaware of this provision. What is being done to inform industry, and would it be possible to obtain a copy of the regulations covering this type of exemption?

Mr. Benidickson: This right is not spelled out in the regulations. It would be the same type of deduction as an expense that people in many other types of business would be using. It is not usual to have to inform people of their rights under the Income Tax Act. It is usually the other way around. A request is made for a deduction. The ground is plowed by the taxpayer, when he finds something new, to see whether it will be treated as an exemption. Usually we do not have to advertise these things.

Mr. Herridge: If an operator were to write to the department and ask for the regulations covering activities for which he could receive an exemption would he receive specific information?

Mr. Benidickson: The best procedure would be for the taxpayer to inquire at the nearest district tax office. These are all based on regions, and he could communicate with his own regional director.

Mr. Herridge: I am quite sure the majority of them know nothing about it. However I think the big companies are well informed about these exemptions.

Mr. Enfield: While we are still in the midst of discussing the general provisions of the Income Tax Act there are a few points I should like to make apropos of some omissions, or to correct some inequities in the act that one would like to see. I merely put these suggestions forward. I should preface my remarks by saying that we are committed, and rightly so, to the principle that you cannot at the same time reduce sharply your taxation generally in a period when demands on government spending are not only very heavy but are likely to increase. I think it is sometimes a pity that that principle is not kept in mind by hon. members when we are discussing taxation. It would certainly help to put the discussion on a higher intellectual plane.

Mr. Knowles: You are not against putting taxes on a fair basis, are you?

Mr. Enfield: The point I want to raise particularly at this time is in respect of section 11 (1) (l). The sidenote of this paragraph is "alimony". I shall read the paragraph and then point out how the interpretation of it can be important. I might say here that no matter how well some of the statutes may be drawn in the beginning, obviously, as we put them into use, we shall find occasions when interpretations by the department and by the courts sometimes reveal inequities in the act itself. It is that kind of thing that I am concerned with here. The paragraph reads:

> —an amount paid by the taxpayer in the year pursuant to a decree, order or judgment of a competent tribunal in an action or proceeding for divorce or judicial separation or pursuant to a written separation agreement as alimony or other allowance payable on a periodic basis for the maintenance of the recipient thereof, children of the marriage, or both the recipient and children of the marriage, if he is living apart from the spouse or former spouse to whom he is required to make the payment.

This sets out what requirement you must fill if you fall within the exception in the statute. The requirements of this paragraph are four. You must have an order for divorce or judicial separation. That is the first requirement. In Ontario, at least, and I think in several other provinces, there is no action for judicial separation, so that that exception is taken out of the picture. Therefore you must have an order for divorce or a written separation agreement under which the husband pays maintenance to the wife or, if you pay alimony, payments on a periodic basis, and under each of the three conditions, if the parties are living apart, such amounts may be deducted from your taxable income.

The problem is this. In Ontario, in a case where no divorce action can be obtained and in a case where the parties are separating and no separation agreement under the circumstances can be entered into, normally proceedings are taken through the family court. The family court handles all matters of domestic relations and, as hon. members can understand, by far the majority of domestic problems are heard in the family court, and by far the greatest majority of payments ordered by any court are by virtue of orders of the family court. There you will find the bulk of your cases. If you have a rich client you start alimony action in the supreme court, but that is not normally the case. We find then that family court orders represent the bulk of the cases where court orders are made for payment of money by the husband to the wife. That is what happens

in Ontario, and I am sure it applies in many of the other provinces. The problem is that such payments made by order of the family court are not deductible from the taxable income by interpretation of the income tax department. I would put forward as a suggestion to the department at this time that it would be well worth considering what I have termed an inequity in the act.

A curious by-product has arisen from this situation in that the judges of the family courts in the provinces of Ontario feel very badly. They feel that their courts are not considered as being competent courts of jurisdiction in such matters. Family court officials receive constant inquiries regarding this particular situation. This is one place where appropriate action could be taken to rectify what is an obvious misinterpretation by the department in regard to this particular point.

The other point I had was in regard to family allowances. We have new Canadians coming to this country. They have children but they do not qualify to receive family allowances until they have spent twelve months in the country. At the end of that time they can then get the family allowance, and their children qualify. But after the children qualify the allowable deduction is reduced from $400 to $150. If a child, for example, qualifies and the parent collects family allowance in the month of December they might receive one payment of $5 for family allowance, yet the allowance they are allowed as a deduction is reduced over the whole period of the year from $400 to $150. New Canadians find themselves rather at a loss to understand this situation. Of course it can be pointed out to them that when the children reach 16 they may have been receiving family allowance for eleven months of that year, but due to the fact that the child became 16 during the last month of the year they are allowed to go back to the $400 rate for the whole year. Hence what they lose in the roundabout they gain on the swings, or vice versa.

Mr. Nicholson: But they are lucky to be able to pay income tax the first year they are here. Ninety per cent of the farmers are never fortunate enough to pay income tax.

Mr. Enfield: We hear a great deal about the farmers, although I did not think their problems would be injected into this present discussion. In the case of a child born in Canada it is quite true that it works out in the latter manner I have suggested, but in the case of new Canadians coming into the country they have to wait for a twelve-month period before the child qualifies, and when the child reaches the age of 16 they are not always in the position where they can make up what they lost at the beginning. I therefore think they have a very good point in bringing this matter forward and again, along with my suggestion regarding the family court payments, I would like to suggest this latter question regarding immigrants coming into the country be brought before the department for their consideration while we are discussing these resolutions.

Mr. Nickle: Mr. Chairman—

The Deputy Chairman: Does the hon. member wish to discuss matters of general interest?

Mr. Nickle: I want to deal generally with income tax matters in relation to maintenance in the oil industry, covered in part by some of these items.

The Deputy Chairman: I wonder if the hon. member would mind. He will no doubt have noticed that the two hon. members who preceded him have spoken on matters which are not included in these resolutions at all, and we thought it might add to an orderly discussion of the resolution if general remarks dealing largely with omissions were taken first, and we could then proceed to discuss the subject matter of the resolutions.

Mr. Benidickson: Mr. Chairman, could I just intervene at this point, because I would like to reply at the first opportunity to the hon. member for York-Scarborough.

He mentioned two matters in connection with an order issued by the family court and I wish to assure him that some consideration was given to this problem prior to the bringing down of this budget. However, for the moment it was looked at adversely chiefly for the reason that we are informed that this court lacks jurisdiction in the matter of judicial separation or divorce. Now in connection with the second point, also raised by some other hon. members, and I refer particularly to the point raised by the hon. member for Argenteuil-Two Mountains in connection with immigrants, I think he will find that that will be rectified when the bill is brought down.

Mrs. Fairclough: Mr. Chairman, along with some other points, I raised this matter in previous years and I remember the regulations were changed a year or so ago in the case of a Canadian so that the allowance took effect as of the date of payment instead of on the date of qualification. It is true that it is very difficult for these people to understand why we have these regulations,

particularly so when they first come into this country. At that time their whole exemption is prorated according to the number of months they have been in the country, but they cannot see any reason why the amount of the allowance for children should not be prorated according to the payment they receive the first year. I do not know that I can go along one hundred per cent with that.

Mr. Benidickson: We feel we can correct that in the bill.

Mrs. Fairclough: The only thing I would like to suggest this time is that the department consider doing the same thing for them as it did for Canadian children born in this country, and that is to make the exemption applicable according to the actual payments, rather than according to the date of qualification or eligibility.

I would like to say a word also on the other point brought up by the hon. member for York-Scarborough. The matter he raised creates a very real problem for a good many taxpayers, particularly when a man may be contributing to the support of his family from which he is separated, and he can still be paying a large part of his earnings to them and still be taxed as a single man by reason of the fact that the wife has obtained employment which puts her in the taxable bracket also.

Mr. Benidickson: My hon. friend, of course, is aware that the payment from a husband would be taxable and—

Mrs. Fairclough: But the husband does not get the benefit and this creates a very real problem.

Mr. Knowles: Mr. Chairman, while we are on the subject of omissions, may I take just a moment to remind the parliamentary assistant, the government and the Minister of Finance of a very serious omission. I refer to the absence in the minister's budget proposals of any reference to the floor under medical expenses so far as income tax deductions are concerned. I need not take the time of the house to relate the history of this question. It is one that is well known to all hon. members of the house and well known throughout the country. But I do think that it is most unfortunate that the job the minister started a year ago of reducing that floor from 4 per cent to 3 per cent has not been continued.

Mr. Benidickson: It was originally 5 per cent, of course.

Mr. Knowles: Well I can go back and give the history of this matter though I did not intend to, even though the parliamentary assistant has asked for it. He is perfectly correct. In 1944, or possibly in 1943, the rate was reduced from 5 per cent to 4 per cent; in 1953 it was reduced from 4 per cent to 3 per cent. I hope we are not going to have to wait until 1963 to get it down to 2 per cent, and 1973 to get it down to one per cent, and 1983 to get rid of it altogether. That would really be a long, long story, considering the fact that members of this house showed considerable interest in the idea of abolishing that floor by allowing a certain motion to go through a couple of years ago. Again, I am not seeking to revive that debate because we might very well get off into the procedural aspects of the matter. But I would suggest, Mr. Chairman, that the feeling of the people of this country is valid in that many of them have expressed the view that if medical expenses are to be allowed as deductions they should be allowed right from the first dollar as is the case with charitable donations.

Speaking for myself I have no objection to there being a ceiling as to the amount that could be deducted. There are some who think there should be no ceiling, but it is true that a case can be made for a ceiling and the government two years ago raised that ceiling from what it was before. But there is no excuse for not allowing income tax deductibility for the first dollars one has to pay out as medical expenses, in the same way that the first dollars given to approved charities are allowed income tax deductibility.

I might point out once again that the Windsor chamber of commerce has been carrying on a considerable campaign in respect of this matter. The proposal that body makes is, I suggest, a second-best. But if the government is not prepared to go the whole way and to remove altogether the 3 per cent floor, they might give consideration to the suggestion made by the Windsor chamber of commerce and other bodies. That suggestion is that the 3 per cent floor should relate not to the net income, as is the case at the present time, but rather to the taxable income after the statutory deductions have been made. That procedure would make quite a considerable difference, and certainly it would seem to be more reasonable. The way the matter now stands, Mr. Chairman, a great many medical expenses are not allowed at all. That statement applies, I might point out, in particular to moneys paid out for expensive medicines such as insulin, ACTH, cortisone and some of these other modern drugs about which the minister had so much to say when he added them to the list. He was proud of the fact that he

was making those items deductible under the heading of medical expenses. Yet many people who thought they were going to get relief because of that change have discovered that what was the 4 per cent floor but is now the 3 per cent floor denies to them the advantage of those drug items being included as deductible, because heavy though their expenses are they do not happen to exceed 3 per cent of their total income.

Since you were good enough, Mr. Chairman, to allow this brief period when members might express their regrets over some of the omissions from the budget presented by the minister this year, I take this opportunity to express once again my great regret that nothing was done this year to remove the 3 per cent floor under medical expenses deductible for income tax purposes. I trust this floor will yet be abolished, and that medical expenses will be allowed as deductible right from the first dollar.

Mr. Rowe: Mr. Chairman, I do not always find myself in complete accord with the hon. member for Winnipeg North Centre. However, this is an occasion on which I must say that I find myself in complete accord with him. The matter of the health and welfare of the people is one of the great problems of today. There is no one who feels the heavy burden caused by ill health more than does the person in the lower income brackets. It seems to me to be almost absurd that, when any allowance is made as a deduction for income tax purposes, the whole amount of hospital expenses or medical expenses is not allowed as an income tax exemption.

I am not going to repeat what the hon. member has just said, but I should like to add one other thing that I think might be given consideration by the department or rather one other exemption that might be further extended. I refer to charitable donations or donations in that category by those who wish to help others in the matter of hospital care. Throughout this country there are many people who are helping those who cannot afford to meet their expenses for sickness and those of their families and are helping them to pay their hospital bills. Surely when hospitalization and medical care is as expensive as it is today, an exemption should be allowed to those who are thus contributing, even for nursing assistance and assistance in small hospitals, as is being done by people who feel they can afford to help someone else who is less fortunate. It seems to me that such an exemption would be just as justifiable as that which is given if one were to write out a cheque as a donation towards the building of a hospital. I think the exemption allowed for charitable donations is limited to a percentage of one's income. These exemptions include grants to hospitals and assistance for other charitable services. Surely the department might give consideration to exempting for income tax purposes donations and assistance that are given by those who feel they can afford to do so.

There are many people in this country who have no children but who are financially able to assist those who have. There are many people who are growing older, who have small families or no family at all, who have been extremely fortunate and have estates who feel that they want to help those who are less privileged. I think that is a feeling that should be encouraged. In the older days when we did not have such assistance as that afforded by family allowances and other social benefits it was the common practice for those who could afford it to help those who were not able to look after themselves; that was a more common practice then than it is today. However, I submit that there are still many instances where people who have sufficient means are assisting in the hospital care of incurables and others who are less fortunate. I would urge the parliamentary assistant to the minister to give some consideration, not only to the point suggested by the hon. member for Winnipeg North Centre—and again I say that I am in complete accord with him on the matter—but also to extending the exemptions to those who are assisting in the hospitalization of what we might call the underprivileged or the less privileged people, and to put such assistance in the same category as a contribution to a hospital.

I am not going to detain the committee longer. There are many other items that could be mentioned at this time when you, Mr. Chairman, have broadened the scope of the discussion for the purpose of allowing mention to be made of the things that might have been included. There are many things that I thought might have been included in the whole budget, let alone in this one feature. However, I am not going to delay the committee longer for fear that if I were to point out the many features of omission in the budget generally, I might detract from the force of my argument with respect to the two points that I think are vital at this particular time.

Mr. Noseworthy: I think that practically every political party and group in this house have at some time or other expressed their opinion in support of the matter raised by the hon. member for Winnipeg North Centre, namely that of getting exemption from income tax of medical expenses. I am sure that if Liberal members outside of the

cabinet were given an opportunity of voting freely on this subject they would again—as did similar groups some years ago—support a measure of that kind. All that remains to be done in order to secure for us that legislation is for the Minister of Finance and his cabinet colleagues to decide that not just extraordinary expenses but also ordinary expenses incurred with respect to medical bills should be exempt.

I want to support the request made by the hon. member for York-Scarborough with regard to the family allowance as it affects new Canadians. I have a number of cases which I have referred to the Department of Finance. I have on file a couple of letters from the minister indicating that this matter was to receive his consideration in connection with the present budget. The difference between the new Canadian and the native Canadian is that in some instances the new Canadian brings with him two, three or four children. I have examples of new Canadians coming here with families of three or four children who qualify in December for the children's allowance. The new Canadian who comes here with three children and receives the family allowance for the three children for one month can only claim an exemption of $450 instead of the $1,200 that he would have been able to get if he had not received the one month's family allowance.

I am told that in other countries where family allowances are paid and where they affect income tax the regulations are much more lenient, and that an adjustment is made in the case of those who come to the country in the second half of the year. I would certainly urge the department to give consideration to that point.

There is another matter that has not been raised yet which involves another of these exceptions. It is a question that I have discussed at some length with the department and it has to do with servicemen. When an ordinary civilian citizen is married on the last day of the year he is entitled to married status when filing his income tax return for that year and can claim an exemption of $2,000 as a married person. Taking the case of the serviceman who remains in the service and is married in the latter part of the year, although his income tax has been collected monthly and he can get no refund on what he has paid, as a civilian would under the same circumstances, I understand that it is nevertheless possible for him to get an adjustment with respect to his income tax payments in the months to come whereby he may receive the same credit that a civilian who had changed his marital status in the latter months of the year would get.

In the case of the serviceman who is discharged from the service at some time during the year and marries after his discharge, I understand that he is then treated by the income tax department as though he were two men. For that part of the year during which he was in the service and for which he paid his income tax, although he may have paid income tax as a single man for ten months of the year and was married in the last month of the year, he is not entitled, having withdrawn from the forces, to any return or refund on the amount he has paid, as a civilian would be in similar circumstances. That looks to me as though we have developed for administrative purposes a set of regulations which discriminate against the serviceman. I realize that there may be some administrative difficulties in permitting the serviceman who is married in the latter part of the year after his discharge to get a refund on the taxes he paid as a single man, but surely there are not so many of these cases as to render it necessary for us to perpetuate that discriminatory action.

I have urged the department, and I do so again, to take some steps whereby a serviceman who withdraws or is discharged from the service some time during the year and marries in the latter part of the year may be compensated by way of refund for the taxes he paid as a single man just as in the case of a civilian.

Mr. Fraser (Peterborough): I was at a meeting of new Canadians about a month ago and many of them said that what they noticed about being in Canada instead of in their own country was the lack of security here owing to the fact that if they got sick their expenses were not taken care of as they were in the United Kingdom. In one case a man who was a machinist and had an income of $3,980 had a bill for one daughter of $1,469. He certtainly felt that the 3 per cent floor on medical expenses should be dropped entirely so that he might have a chance to get on his feet again. He not only owes the hospital and the doctors but has just managed, through getting loans, to pay the nurses.

In talking to different people who have had heavy medical expenses I have found that in most cases they receive only a very small deduction unless those sick have been in a hospital and there has been an operation. The parliamentary assistant will know that there really has to be an operation before the taxpayer gets any substantial deduction. I have also said before in the house, and it has been mentioned by other members, that the cost of transportation back and forth to a hospital or to a doctor should be taken care of. Ambulance charges should be allowed as a deduction. I know one case in particular where the

man has to go to the hospital twice a week. He is forty-six miles away and has to pay for a taxi there and back because no one in the family can drive.

Before I sit down I should like to ask the parliamentary assistant a couple of questions. When he is speaking later will he tell us what amount of compulsory savings has not been repaid yet? I should also like to mention that there is a feeling that the allowance of $400 for a person 21 years of age or over who is physically unfit is not sufficient. In many cases somebody has to be there all the time to look after such people. I know of three cases where the mothers are unable to look after these children. There are cases where they are not bad enough to be admitted to a provincial hospital, and I feel that something should be done along that line.

Referring to the T.7B form, may I point out that it states that it is for use by individuals who are required to make instalment payments. I had a party come to me and say that he had to make quarterly payments but he did not know just what form to use. I feel that right at the top of that form T.7B there should be a notation that it is for quarterly payments.

Another question I should like to ask is: What was the amount received by the income tax department from fines levied for infractions of the Income Tax Act? There were about 4,741 convictions as compared with 3,601 for the year before.

Mr. Benidickson: Probably I could reply right now to the hon. member for Peterborough because he has asked me some specific questions. In so far as the amount of compulsory savings is concerned, that is a matter for the Department of National Revenue. I am not in a position at this moment to give him that information.

Mr. Fraser (Peterborough): I thought you would have that.

Mr. Benidickson: No. In so far as the total of the income tax fines is concerned, again the answer would be given by the Department of National Revenue. I feel it would probably be better for a question of that kind to be put on the order paper, and the answer brought down.

Mr. Fairey: I should like to ask the parliamentary assistant if consideration has been given to the position of residents of British Columbia with respect to deductions allowed for medical expenses under the new scheme initiated by the present government of that province. Formerly, residents of British Columbia paid a premium on hospital insurance, and medical expenses paid on their behalf from that fund were allowed as deductions for income tax purposes. A few months ago the provincial government cancelled that scheme entirely, and premiums are no longer charged. A 2 per cent sales tax has been imposed, and from that fund medical expenses are paid on behalf of all citizens who are hospitalized.

My question is: Has the government given consideration to the position of the individual, and will medical expenses paid by the government on his behalf out of the proceeds of this additional 2 per cent sales tax be allowed as deductible medical expenses for income tax purposes?

Mr. Benidickson: Some consideration has been given to this problem as a result of the new system. I think my hon. friend knows that a premium paid for health or hospital insurance is not an item that can be deducted under this provision. On the other hand, even though an insurance company was, under a policy, responsible for paying a hospital bill the taxpayer is able to include the bill as one of the items if his total expenses are over 3 per cent of his taxable income.

I believe that the British Columbia act is worded in such a way that it says a portion of the premiums are being paid by the provincial treasury to insure citizens in this health scheme, and therefore the citizen who could obtain a hospital receipt would be able to use it for this purpose.

Mr. Johnston (Bow River): Before this item is carried there is a question along the same lines I should like to ask. It has come to my attention that in Alberta a similar scheme was entered into. The province, as most hon. members know, pays a portion of the hospital bill and the municipality pays a portion, while the patient pays $1 a day. In one case that was brought to my attention, which I took up with the income tax department, I did not get a very satisfactory answer. I was told to have him send in his bill and then we would see what happened. Apparently down here they had not had a definite case of that kind.

Now, the total bill was $201, if I recall correctly, and that included medicine and everything else. The amount the patient had to pay was $125, and there was a difference of $76. The point is that the patient had to pay the $125, but indirectly he had to pay the balance because the money came out of the municipal taxes and provincial taxes that he paid. Now in what position is the taxpayer in a case like that? He has the total bill from the hospital of $201, but that is not a receipt. He has his own personal receipt for $125. In what position is he

placed in regard to the total amount of that hospital bill of $201? Can he get tax exemption for it?

Mr. Benidickson: I am not familiar with the Alberta scheme to which the hon. member for Bow River refers. Is there a universal health insurance scheme in Alberta or is it simply a form of partnership between the province and the municipality in the case of a welfare patient?

Mr. Johnston (Bow River): No, it is an over-all scheme. The municipalities pay a portion of it, the province pays a portion and the patient pays $1 a day.

Mr. Benidickson: Some consideration has been given to the British Columbia legislation but the officials before me tell me that, like myself, they are not familiar with the Alberta situation. I believe I can only assure the hon. member we will look into it.

Mr. Johnston (Bow River): Will the minister have his departmental officials communicate with British Columbia and Alberta to get a ruling on that question, because it is one that I might say affects me personally, as well as the other residents in Alberta.

Mr. Benidickson: I will see that the hon. member's remarks in *Hansard* are drawn to the attention of the officials.

Mr. Cameron (Nanaimo): Following the question asked by the hon. member for Victoria, B.C., I wonder whether the parliamentary assistant could tell us the position with regard to the dollar a day that patients in British Columbia hospitals now pay when they are hospitalized. What is the status of that? Can that be deducted or is that part of the premium?

Mr. Benidickson: That would be part of the hospital bill, and provided the amount is in excess of 3 per cent of the amount of taxable income, it could be recovered. It is the total of the hospital bill with which the income tax people are concerned.

Mr. Cameron (Nanaimo): The reason I was asking is that for some strange reason the present government and the previous government insisted on calling this dollar a day a co-insurance scheme, as though it were part of a premium.

Mr. Nicholson: We have had this problem in Saskatchewan for some time, and it has been settled amicably. The patient receives a bill for the entire hospital charges, and the full amount is claimed. However, there is another problem that has not been settled so far as I know. I live in a rural municipality and we have two doctors who are paid out of taxes. What happens when a patient uses the services of one of these doctors for an extended time, and there is never any bill rendered? How does that taxpayer receive credit for what normally would have been paid to a doctor for medical services?

Mr. Benidickson: That is an unusual problem, Mr. Chairman. I am afraid if there is no bill there is nothing to submit to claim a deduction.

Mr. Nicholson: But the taxpayer has paid the two doctors.

Mr. Benidickson: In his general municipal taxes.

Mr. Nicholson: The doctors have been paid in the same way as we pay our hospital taxes. Apparently everybody in the municipality has to pay a tax which does cover the salary of these two doctors. It seems to me there should be some adjustment when you come to pay income tax. Would the parliamentary assistant indicate whether or not it would be in order for one of these doctors to render a bill indicating what the normal charge for that service might be?

Mr. Benidickson: I am afraid not. This is a circumstance that is not covered.

Mr. Nicholson: Quite a large number of municipalities, particularly in Saskatchewan, have prepaid medical service. It would appear to me that the taxpayers in those areas, who have a problem of medical care, should be given some consideration. I think at one time about twenty-five per cent of the rural municipalities had prepaid medical care. It seems to me that if some provision could be made to give consideration in respect of the cost of medical services under this plan it should be done. Would the parliamentary assistant indicate whether he would consider bringing in next year some amendment that would give relief to this fairly large section of taxpayers?

Mr. Benidickson: We shall certainly inquire with a view to obtaining further information as to the type of practice my hon. friend has described. But I cannot give any assurance to him that, in the absence of receipts, we would be able to cope with it.

Mr. Gillis: I should like to ask the parliamentary assistant to clarify my mind on one point. In Alberta, where the provincial government has an over-all health scheme of some kind, the department is considering ways and means of permitting a rebate for income tax purposes. On the other hand, in Saskatchewan I understand the maximum payment by way of taxation is $40 a year. It is optional whether you consider your hospital expenses on the 3 per cent basis, or

whether you put in the $40. That $40 is not allowed for taxation purposes, as I understand it.

Mr. Benidickson: No, under no circumstances, even in private schemes, can you claim for premiums. You submit the actual amount of your receipts showing medical expenses paid hospital, doctor or whatever they may be.

Mr. Gillis: That is the point. There are private schemes across this country that could be considered as charity to the extent of perhaps 50 per cent. In the end of the country I come from they pay subscriptions for doctors and hospitals that run well over $100 a year. I am safe in saying that half the people who pay that amount per year for the purpose of keeping up those hospitals, and helping to pay the salaries of the doctors, never receive anything back by way of services. However at the end of the year, when the income tax is being filed, the amount of money paid into that particular kind of medical set-up is not allowed for taxation purposes.

I suggest to the minister that when you pay over $100 a year merely for the purpose of maintaining a service in a community that you may never use, some consideration should be given to tax relief in that type of scheme. Because I know that without that kind of gesture on the part of the communities, the chances are there would be very little by way of hospital service or doctors in those communities. I have stressed this point time and again.

While I am on this subject of taxation and tax exemptions I should like to bring to the attention of the parliamentary assistant another matter I have stressed for some time. Both the Department of National Defence and the Department of Finance are concerned with this problem. I have pounded this into the ears of several ministers; perhaps the parliamentary assistant will be a little more sympathetic.

I refer to service personnel who contribute to a superannuation fund. I have a case where a soldier has served ten years, and at the end of that ten years died while in the service. His disability was not considered attributable to war service, with the result that no pension was indicated. The superannuation was paid back to the widow in a lump sum. The income tax branch has classified that as income for the current year, and has levied a tax of about $600 against this refund of superannuation payments.

I think the Department of National Defence is at fault in failing to make some provision in their superannuation fund regulations for a case of this kind, and it is also at fault for not having some understanding in the matter with the Department of Finance. It is all very well to talk about it, but the consequences are most unfortunate to those who are affected. I have in mind a widow with three children. She did not receive a pension, despite the fact that her husband had served. She is too young for the war veterans allowance for widows. I think it is pretty rank treatment when we find the income tax branch taking $600 of the superannuation payments.

This is not new. I have been talking about it for two years. The Minister of National Defence knows the whole story. I am wondering whether something could not be done to correct this situation. Young men are being urged to join the services as a career. Then, despite that, we set up roadblocks of this kind, thus preventing many young men from finding their careers in the services. I would ask the parliamentary assistant to consider this matter, and see what can be done about it.

Mr. Barnett: Mr. Chairman, I have been following with interest the discussion as to what might be done in connection with deductions for medical expenses and hospital bills. There are one or two other matters I would like to discuss.

I was pleased some time ago to hear the hon. member for Kootenay West discuss the problem of the expenses in which working people are involved in connection with travelling to and from their occupations. As a citizen I have never had any objection to the payment of taxes, provided I felt I was receiving value for that portion of my earnings spent in that direction. At the same time, both as a citizen and now as a member of the House of Commons, I think one should be concerned to see that taxes levied shall fall equitably upon all sections of the population who are called upon to pay them. This is particularly so in the case of the income tax.

I have been concerned by the fact that large sections of the working population in British Columbia must travel long distances to and from their jobs. The necessity of having to move those long distances to their homes does result in a heavy burden, so far as many workers in that province are concerned. And it is a burden for which they receive no consideration in the income tax deductions.

I should like to pursue this matter for a few moments and, as it is now six o'clock, perhaps I might be permitted to do so after recess.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Barnett: There are many things which one might mention in dealing with this resolution on the Income Tax Act and the legislation which it proposes to introduce. I suppose one could deal with the fact that the income tax policies of this government seem to be overwhelmingly weighted in favour of the coupon clippers of Canada. I do not intend to go into that because these matters have been covered by other speakers from this group during the course of the budget debate, and in any event I suppose they are matters of high government policy about which we cannot expect the government to do very much at this time. As I indicated when I rose before the dinner recess, I do intend to attempt to deal with some of the more elementary matters of justice and injustice in the application of the Income Tax Act as it affects the people of Canada.

As I said previously, as a citizen of Canada I have never felt that one should object to the paying of legitimate taxes, and by and large that goes for the great majority of the people of Canada. But it is in those instances where people feel that there is some injustice in the way in which the Income Tax Act applies to them that they are apt to be most concerned. I suggest that one of the instances where an injustice does exist is in the case of a great many of the workers of Canada who have to spend a good portion of their yearly income in travelling to and from the job which they are required to do. I intend to use as an illustration of this situation the manner in which the present working of the Income Tax Act applies to the loggers in the coastal area of British Columbia, because I feel that the situation in which they find themselves does offer a very clear-cut illustration of where an injustice exists.

Many of the loggers of British Columbia who have their homes in cities such as Vancouver and other places are required in the course of their normal employment to travel distances up to several hundred miles in some instances to the remoter logging camps. They have to pay their board and lodging in the logging camps and also to maintain a home where their family is. But in addition to this, they have to pay fares to and from their employment ranging from $30, $40 to $50 in each direction. This is not something which they have to do only once a year; it is something they have to do each time that the camp opens up and closes down. When the camp closes because of snow in the winter the cookhouses and the bunkhouses are closed down and those workers have no alternative but to return to their homes. When they open up in the spring and the loggers go back to work they find themselves confronted with a situation where the camps are closed down because of fire hazards, and once again they have the expensive trip back to the city, and then in the fall when the camps reopen they again have to pay that fare.

Probably those people would grumble about having to pay taxes in any event, but they can clearly see that in many instances they are paying quite large sums for travelling expenses which people in other categories do not have to pay. They realize perfectly well that when any of the executives of those logging corporations travel to and from those camps they travel on company expense accounts, and those expense accounts are deductible as part of the expense of the operation of that company; whereas in their case they have to dig out that amount from their own pockets, and when they make up their income tax return at the end of the year no consideration whatever is given to that as an allowable deduction.

Hon. members may or may not be aware of the fact that the loggers union over a number of years has been attempting to secure as part of their agreement with the companies the concession that these fares to the remote logging camps should be paid. They realize perfectly well that if that arrangement could be written into their collective agreement the cost of those fares would then become part of the operating expenses of those logging companies and would be deductible for income tax purposes. Therefore, on the one hand they feel that the companies should pay those fares, and certainly on the other they cannot see any justice in the situation where, as long as they have to pay them themselves, the fares are not deductible for income tax purposes.

As a matter of fact, under the pressure of some shortage of skilled logging labour during the war years there was introduced what is known in the coastal area as the Queen Charlotte islands differential, which meant that the loggers were reimbursed in part at least for the fare to the more distant logging camps. They realize full well again that the amounts which the companies were paying under those conditions were considered to be part of the operating expenses of the companies for income tax purposes. Therefore, Mr. Chairman, here is a clear-cut instance of what is sauce for the goose should be sauce for the gander, and that as long as travelling expenses are allowable to corporations or to individuals in business, then they should be allowable when they are the necessary part of an individual worker's means of earning his livelihood.

Some may be inclined to suggest that it is a good idea, but it is impracticable from an administrative point of view. I must confess I have heard that argument advanced, and I cannot see that that is any valid reason why this arrangement should not be made. It seems to me it would be a very simple requirement that the individual concerned would have to attach a receipt for his travel vouchers to his income tax return, and if necessary in addition the travel voucher could have to have the verification of the employer that in fact that expense had been incurred in the course of going to and from his employment. I cannot see how there could be any insurmountable difficulties in the way of putting such a provision into the Income Tax Act and the regulations.

There is another example I would like to give which I think is parallel, and I refer to the case where business firms can deduct certain things as expenses for income tax purposes, whereas the working people are not allowed to do that. I have in mind the case of the skilled workers, technicians, and tradesmen who, in order to carry on their employment, have to make very substantial investment in tools and equipment, and men such as loggers and miners who have to spend considerable amounts on clothing for heavy duty wear. In these cases we find a situation where these things are not deductible for income tax purposes and it is my belief that in such instances the act should be so drawn that it will apply right around the book and these men will be able to make deductions for such expenditures.

I notice in one of the forms put out by the Department of National Revenue, namely the Farmers' and Fishermen's Guide, 1953, there is a statement on page 3 to the effect that people who are covered by this guide are allowed to deduct certain things for income tax purposes. For example, on that page it states that small tools having a normal life of five years or less and costing not more than $50 may be claimed as expenses during the year. I cannot see why it is fair and just that certain people should be allowed to deduct such items when the ordinary tradesman who has to make an investment running into hundreds of dollars on articles which are subject to constant depreciation and replacement should not be allowed some reasonable deduction for income tax purposes.

While I am on my feet, Mr. Chairman, there is one other matter to which I would like to draw the attention of the committee. Some hon. members may recall that trade union dues are now deductible for income tax purposes. But there are certain funds which unions require from time to time which are not deductible for income tax purposes. In certain instances the situation arises where the unions feel that they have to adopt some special means to protect themselves, and in the trade union movement we occasionally have such things as an assessment fund. In large measure these funds are collected by the union in an attempt to accumulate, if you like, a bit of a war chest. I would like to suggest, Mr. Chairman, that here is an instance where, due to the necessity of having to protect themselves from unscrupulous action on the part of the employers, the working people of this country have to accumulate funds which should be allowed to be deducted for income tax purposes.

As long as the employing interests in this country are able to deduct certain funds for income tax purposes which they apply for the very self-same purpose, then the working people of Canada should be able to do so too. Anyone who has had any experience with a strike realizes that strikes cost money to operate and I cannot see any reason why such deduction should not be allowed. For example, I have in my hand here a copy of the *Gazette* for Monday, March 15 and this issue contains an advertisement inserted by Noranda Mines Limited. Such things as that enter into the advertising expense accounts of corporations; and when unions find it necessary and desirable to levy an assessment of one dollar per month or something like that on their membership in order that the union may be in a position to protect itself I do not see why there should be any quibbling about allowing such amounts to be deducted under a trade union heading for income tax purposes.

Now, Mr. Chairman, if I may I would like to make a brief reference to the amendment introduced this afternoon by the Minister of Finance. I might say that as far as the immediate practical effect of that amendment is concerned—

Mr. Benidickson: I wonder if, as a matter of convenience to other hon. members of the house, it would not suit most hon. members if the discussion on the item my hon. friend has now mentioned could be allowed to stand over until we reach that particular paragraph.

Mr. Barnett: I would be quite prepared to defer my remarks in that connection until later if that is the general wish. I felt it might perhaps save time if I made just one speech covering all these items, but I will leave that matter until later. Meantime, Mr. Chairman, I hope that the parliamentary assistant will at least take under advisement

the various points I have raised which I feel are points which have a very practical bearing on the equitable application of the provisions of the Income Tax Act.

Mr. Pearkes: Mr. Chairman, I would like to say just a word on a subject which was raised by the hon. member for Cape Breton South just before the dinner recess. When a serviceman dies the amount of contributions he has paid into the pension fund are returned to his non-pensionable widow and subjected to income tax deductions for that year, thereby placing a very considerable hardship upon that widow at a time when she finds circumstances very difficult.

I believe this to be an opportune time to give consideration to making that tax easier to bear by the widow by extending the period in which she might pay that income tax. Earlier in this session we passed an amendment which enabled the widow who is pensionable to have her succession duties extended over a much longer period. In fact, she was allowed to commute her pension so that the payments would be extended over a lifetime. It seems to me that this is a time to introduce some sort of similar concession to the non-pensionable widow because she is in a much more difficult situation than the pensionable widow. I would ask the parliamentary assistant to give that matter careful consideration and to see whether we could not bring in line with the concessions made to the pensionable widow the regulations which now govern the payment of income tax by the non-pensionable widow.

Mr. Benidickson: I assure the hon member for Esquimalt-Saanich and the hon. member for Cape Breton South that I will give this matter consideration.

Mr. Michener: Mr. Chairman, this seems to be a suitable time to point out one of the shortcomings of the income tax resolutions or one of the omissions. I should like to do so by reference to item 5 of the resolution where a proper recognition is given to the desirability of saving money for one's days of retirement or for one's old age. The Income Tax Act provides—and it has done so for some time—that the contributions made by an employer and by his employees to an approved pension fund or superannuation fund are deductible for tax purposes. To my mind that is a proper provision in the act. In these days of high taxation everyone knows that it is not easy to make any saving for one's old age or to accumulate any reserve against the day when one will not be able to earn further.

Mr. Benidickson: Mr. Chairman, I know that the hon. member this afternoon was attending the banking and commerce committee. But at that time there was in the house a general agreement that we would discuss in a general way, probably, what hon. members felt to be certain omissions in the resolution, but that we would come to a point where we would deal seriatim with the paragraphs in the resolution. I think the subject upon which my hon. friend intends to speak is one that he could well defer until we come to paragraph 5 of the resolution. I am sure that other hon. members also have a desire to say something about this matter.

Mr. Michener: If that course is preferable, I have no objection at all. It is an omission not with regard to the substance of No. 5 but related to it, as the parliamentary assistant states.

Mr. Benidickson: In this instance we have in one of the paragraphs an item that is so closely connected with my hon. friend's feeling that I think it would be better and more orderly to have debate at that point when that paragraph is reached.

Mr. Michener: I am quite content with that procedure.

The Chairman: Do I understand that the general discussion has been completed?

Mrs. Fairclough: No, Mr. Chairman. Now that we are getting so technical that we have to relate every subject to something that is in the resolution or we are asked to defer discussion until such time as it is reached, I think this is the place at which I should raise a matter which I have been considering for a long time and upon which I have felt strongly for a long time. It is one that has consistently escaped the notice, I might say, of the Minister of Finance and also that of the Minister of National Revenue. I refer to the taxation which is paid by individuals on owner-occupied premises in the municipalities. In my estimation, Mr. Chairman, the taxes which are paid by individual taxpayers within the municipalities on the premises which they themselves occupy should be deductible from taxable income for purposes of income tax. I should like to elucidate a little bit.

Those who are familiar with income tax realize full well that the only type of municipal taxation which is not deductible from income for purposes of income tax is the tax which is paid by the individual on the premises which he himself occupies. First of all, we should consider the case of the industrialist. On the premises which he occupies for business purposes he pays a tax or possibly two different types of taxes; he pays possibly

a real estate tax and a business occupancy tax. The business occupancy tax, of course, varies according to the various provinces in Canada. He may pay one or two types of tax on those premises. Sometimes he pays both. But those taxes are deductible from the revenue of his business for purposes of assessing the income tax which he as an individual or which the corporation which he represents shall pay to this government.

There is also to be considered the case of the person who owns municipal property and who rents it to various tenants for various purposes. In turn he may deduct from the revenue which he receives from that property the taxes which he pays to a municipality. Whether those taxes be for purposes of school rates or ordinary services, or even if they are for local improvements, he can deduct those taxes from the revenue which he receives from the property before calculating his revenue for tax purposes.

Then let us take the case of the farmer. The farmer is permitted to deduct from the revenue he receives from his farm the amount he pays to his municipality for municipal taxes. But the man who lives in his own home, who has made an investment in his own property and who occupies that property and rents no portion of it to anyone, is debarred from any exemption whatever from his income for income tax purposes.

Mr. Chairman, this is not a matter which I have approached lightly. It is something that I have thought about for a great many years. The more I think about it, the more am I convinced that the man who occupies his own premises—premises which he owns himself and in which he has invested a sizeable sum of money—definitely gets the short end of the stick. It is my opinion that the income tax department could probably do more than could any other department of government to encourage home ownership. It could certainly remove a terrific burden from the shoulders of the owner of small premises, the wage earners within our country, if it would permit such wage earners or owners of any property whatever to deduct from their incomes for income tax purposes the taxes which they pay upon the premises they occupy.

In making this proposal I realize that I have embarked upon a controversial subject. I know of its many ramifications. I know that a small businessman who runs a little store and who lives upstairs over that store in an apartment is not permitted to deduct the portion of taxes which apply to the premises which he personally occupies, but he can deduct those which apply to the portion of the premises which he occupies solely for business purposes. I maintain, Mr. Chairman, that this is an oversight on the part of the department. No doubt they have thought of it. I am sure that they have had consultations on the subject. However, for some inexplicable reason they have consistently turned it down. Hence I am prompted to raise the matter at this stage on the resolution in connection with the Income Tax Act and to suggest that the department should take the matter seriously under consideration and should at the first available opportunity bring down an amendment to the act which would permit the deduction from income for tax purposes of those real estate taxes which are paid on owner-occupied premises.

Mr. Benidickson: I think probably at this point I should say something in answer to the hon. member for Hamilton West. Actually I know of no capital ownership by anybody that is as free from taxation as is the ownership of one's private residence. A tenant of course pays his rent out of income after paying his taxes, but in the case of one who lives in a house of his own ownership there is no assessment under income tax for the value of living in that house. I am informed that in the case of Great Britain they do assess a certain value, from the point of view of income taxation, for the fact that the person is living in a capital asset of his own ownership.

Mrs. Fairclough: True enough, that is the case in Great Britain, but I do not think you can take a specific item from any country's income tax regulations and apply it to ours without examining the ramifications of the whole act. It is true that the tenant pays his rent, but just let us ask ourselves what his rent would be if the landlord were not permitted to deduct the taxes he pays from his revenue.

Mr. Benidickson: In that case it is a business. The landlord is in business, and he pays tax because he has an income from a premises other than those in which he lives. Like any other businessman he can deduct the expenses that are incurred before he earns that income.

Mrs. Fairclough: Very true, but if he were not permitted to deduct the real estate taxes he pays do you mean to tell me that the tenant would pay exactly the same rent? Certainly not. If the landlord had to pay another $500 the tenant in turn would pay another $40 a month rent. There is no doubt about that.

The Chairman: Do I now understand that the general discussion is through?

Mr. Dinsdale: I want to present a problem to the parliamentary assistant to the Minister of Finance mainly for the purpose of clarification. There is a section in the Income Tax Act which allows a special exemption up to $500 in the case of persons physically handicapped. I believe it is possible to deduct expenses arising from the handicap up to a limit of $500. A case has come to my attention in which the exemption was granted in 1951 and was denied in 1952. There was no explanation as to why it was disallowed in 1952. I should like to ask the parliamentary assistant whether there has been an amendment to the act which has changed the circumstances surrounding this special exemption.

The particular case I have in mind is that of a young woman who works as a stenographer. She is physically handicapped to such an extent that she uses crutches. She is crippled in both limbs and as a result has to incur special expenses in getting to and from work because of the necessity of hiring taxis. It is not possible for her to use public transportation facilities. We have been emphasizing in the house in recent months the need for successful rehabilitation of the physically handicapped. This being so, it would be my impression that every effort would be extended under the special provision in the Income Tax Act to take care of this difficulty in order to assist this person, and others like her, to make her living, even though under difficult circumstances.

The Chairman: Has the general discussion now been completed? The hon. member for Calgary South on paragraph 1.

Mr. Nickle: Having listened with a great deal of interest to the discussion of the omissions from the proposed amendments to the Income Tax Act, I should like to deal briefly now with the first four amendments proposed by the government and then follow with two or three points dealing with omissions because of government policy in so far as they affect these first four items.

The first four items of the proposed amendments to the Income Tax Act are designed to maintain a stimulus to development of Canada's mineral resources, particularly petroleum and natural gas, gold, base metals and other industrial minerals. The first three amendments simply extend for one additional year, the calendar year 1957, policies which are already in effect, and no change of course is involved. The fourth amendment, that covering deep-test wells, involves a one-year extension covering the calendar year 1955 but with one important restriction to the scope of its application.

In his budget address the Minister of Finance stated, as found at page 3733 of *Hansard*:

> The incentive legislation for the oil, gas and mining industries will be extended for a further year. In the case of deep-test wells, however, this special concession will in future be restricted to more complicated structures such as occur in the foothills.

With the extension of this legislation the Conservative group in the house has no quarrel. In fact we believe that the real question is: Is mere extension of the prevailing policy enough? We strongly endorse the position of adequate incentives to ensure large-scale development of Canada's subsurface mineral resources in order that the nation's economy may be further strengthened, that production may be expanded for both peacetime and emergency needs, that new industries, both primary and secondary, and many thousands of new jobs may be created in Canada and, finally, that the feedbag of income from which governments in Canada secure their sustenance may be progressively enlarged.

Taxation policies of government must do more than simply gouge out from the always unwilling and unhappy taxpayer enough income to meet the apparent needs of government. They must also look ahead to the tax needs of the future by leaving the taxpayer enough incentive to continue working towards enlarged income and expanded production. They must also recognize the nature of problems peculiar to individual kinds of enterprises and take those special problems into account.

Among the industries with special problems peculiar to themselves are of course the metalliferous, industrial mineral and petroleum and natural gas industries. Each mine or well draws upon a strictly limited quantity or volume of solid, liquid or gaseous mineral. The owner of each mine or well literally produces himself out of business as he draws on his patch of subsurface resources or else he keeps himself in business, and thus continues to be an employer, producer and taxpayer, by continuously exploring for new source-beds of minerals into which he can tap with new mines and wells.

The fact that a mine or well is a depleting asset is recognized in Canada and in practically all other nations which have income taxes by provision of depletion allowances providing for some portion of income of a mine or well to be exempt from taxation. I will deal further with depletion allowances

after examining the four income tax amendments now before us which relate to minerals. The first amendment provides:

That the exemption of income from metalliferous or industrial mineral mines for the first three years of production be extended to mines coming into production during the calendar year 1957.

This, Mr. Chairman, is an indirect subsidy incentive designed to accelerate the opening up of new mines in Canada.

Item 5 amends section 83 of the provisions of the present Income Tax Act under which mines coming into commercial production prior to the end of the 1956 calendar year are exempted from tax for the first 36 months of that production. It applies to all metalliferous and to most industrial and mineral mines. It does not apply either to petroleum or natural gas wells. The stimulating effect of this tax concession subsidy has already been evidenced by the opening of many new mines across Canada. Without such freedom from taxation during initial difficult years, against the background of high costs and initial low income, it is extremely doubtful that Canada would be experiencing the mining booms of Bathurst, Ungava, Manitouwadge, Sudbury, Lynn Lake and others now under way across the nation.

I might say, sir, the immediate net cost to Canada's treasury for the loss of corporate tax revenue from new mines is largely offset by the increased personal income and other tax revenue that would not exist without the new mining development spurred by the tax concession. In balance over the long-term, the nation and its tax collector will gain heavily from the new industry, production, jobs and revenue created.

I will skip now, sir, to the fourth amendment because it is in the same category as the first, that is, it is an indirect subsidy incentive. This one provides, and I quote:

That the special deduction from income and taxes allowed to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum and to taxpayers whose principal business is mining or exploring for minerals, for expenses incurred in respect of deep-test oil wells be allowed for expenses incurred in respect of deep-test oil wells spudded in during 1955.

This extends, sir, by one calendar year, 1955, the provisions in 5 (a) of section 53 of chapter 25 of the statutes of 1949, as amended. I might say that I have been having a good deal of fun going through the various sections of the statutes on income tax law and the regulations dealing with this particular industry. I find items in a great many different places. Now, this particular amendment permits deduction from income —I should say deduction from income tax payable—of 35 per cent of the drilling costs of exploratory wells that have been qualified in advance by the government as deep-test wells. The tax concession applies only if the wells are failures, that is dry holes.

In effect, the government pays indirectly through a reduction in tax received for 35 per cent of the deep-test dry hole drilling costs. The oil or mining company pays the other 65 per cent of drilling costs plus 100 per cent of the geological and geophysical exploration costs, which in some cases will amount to more than the drilling costs of the deep-test well. If the deep-test well finds oil or gas, that is a discovery, the tax concession does not apply. This concession was designed specifically to encourage the drilling of test wells at least 7,000 feet deep and costing at least $150,000, in areas where the dominion geological survey and Dr. George S. Hume, director general of scientific services, believe significant and valuable geological data can be gained.

I perhaps should point out that, in the act itself, no reference is made to the geological survey by Dr. Hume. To qualify as a deep test requires an actual order in council issued following a recommendation from the Minister of Mines and Technical Surveys. I mention the geological survey and Dr. Hume, sir, to ensure that the committee may not be under the misapprehension that before approving a deep-test purely scientific knowledge is not applied by the government department in passing on this particular feature.

Now, sir, only a very small fraction of exploratory wells have been qualified for this deep-test concession. From now on the percentage will likely be no more than one per cent of all wildcat or exploratory wells because of the limiting of the plan to the complicated deep structures such as those in the Alberta foothills. In 1951 there were only four wildcat wells qualified as deep-test. Of those, two were discoveries of oil or gas and thus lost the concession in taxes but opened up important new revenue sources for the government and for the companies which drilled them. In 1952 seven wells were qualified as deep-tests. Of those, six wells were dry and the government lost in taxes 35 per cent of their drilling costs. The seventh well was a discovery, so no concession was given. In 1953, twelve wells were qualified, and of those three were discoveries. So far in 1954, sixteen wells have been qualified as deep-tests, and the results of course will be determined in the months ahead.

During the three and one-third years covered by this deep-test concession a total of 39 wells have been qualified. During the same period some 3,000 exploratory wells

have been drilled or are now under way. This does not include an even larger number of development wells, in areas where oil or gas has been discovered. Thus the deep-test concession has applied only to about one and one-third per cent of exploratory wells.

It can be correctly concluded that the subsidy cost of the deep-test concession to the Canadian treasury has been less than one-half of one per cent of the total sums spent in the past three and a third years by the oil industry on exploration in Canada. Because the concession has ensured drilling of certain exploratory wells valuable to Canada that would not otherwise have been drilled, the deep-test provision has been, and is, important. However, the small cost in lost taxes should be viewed against a background of valuable geological information, discovery, personal income and other tax revenue deriving from drilling of the deep-tests, and of course against a background, too, of the tremendous exploration program in which the deep-test provision plays no part.

I come back now to the second and third amendments to the Income Tax Act affecting the mining and oil industry. One of these provides that:

> That the special deduction from income allowed to taxpayers whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, for expenses of exploring or drilling for oil or natural gas in Canada, be allowed for expenses incurred in the calendar year 1957, and that in addition a similar deduction be allowed to corporations whose principal business is mining or exploring for minerals, for expenses of exploring or drilling for oil or natural gas in Canada incurred in the calendar year 1957.

Paragraph No. 3 is almost the same, with the exception that it relates to the expenses incurred in searching for minerals in Canada, undertaken by both mining and oil companies.

Now, these, sir, are the most misunderstood by the Canadian public and by many members in this parliament, including some members of the cabinet, of the incentive provisions of the Income Tax Act. These two amendments simply extend by one year, the calendar year 1957, the provisions of section 53 (1A) of chapter 25 of the statutes of 1949 as amended, under which mining and oil companies are permitted to deduct from income before taxes the costs of exploration and development of oil, gas, and minerals. Under these provisions a mining or oil company expenses of exploration and development costs are charged off against income, if it has enough income, or are set up as a charge against hoped-for future income now or has income smaller than the expenses for exploration and development.

As many who have invested or gambled money in oil or mining companies know, there is no guarantee that sufficient income to recover exploration and development costs will ever be obtained, for exploration risks are high, and there are even numerous cases where companies have spent all their capital on exploration without success, and have folded up without ever enjoying production income. In these cases, of course, the provision permitting expensing of exploration or development costs has only a paper value.

By no stretch of the imagination is the right to expense exploration and development costs a subsidy or a tax concession, in the sense that the three-year freedom from taxes of new metal and industrial mineral mines and the deep-test well concessions are subsidies.

I regard, and I believe the government and public should also regard, the expensing of exploration and development costs in exactly the same way we all regard the normal operating expenses of normal businesses.

Costs of exploring for and developing mines and wells are just as much a necessary, normal operating expense of an oil or mining company, if it wants to stay in business, as are the costs of advertising to a merchant, the costs of a plant to a manufacturer, the costs of seeding and harvesting to a farmer, and all the other costs which must be taken into account by anyone in any kind of business if he hopes to make a success of it.

I recall that last summer a member of the cabinet of this government spoke in Alberta and was quoted by the press as stating that "the Liberal government of Canada has contributed half the cost of oil and gas exploration and development in the west" in its great desire to assist in getting a maximum development. This was presumably a reference to the so-called tax concessions or incentive legislation whose extension we are now considering.

Without in any way disparaging the legislation, the government which put it into effect, or the minister who made the statement—I must point out that his comment in Alberta indicated an all-too-widely accepted misconception of what this legislation is and does, and to what extent legislation of other nations—particularly the United States—affects exploration and development spendings in Canada.

The first question that arises is this: Are exploration and development costs a normal operating expense which properly should be chargeable against any income before making a split of the net income between the federal tax collector and the company that spent the money to create the income?

If such expenditures are not normal operating expense, then it might be correct to say that the government indirectly contributes half of these costs by permitting their deduction from income under this incentive legislation, in the light of prevailing rates of corporate taxation.

If the expenditures are normal operating expense, then it would be just as correct to say that the Canadian government pays half the cost of a merchant's advertising bill because it permits the deduction of such normal business costs from that merchant's income, before taxes are calculated and collected.

The second question that arises is this: Do other nations, particularly the United States, from which country comes over half of the moneys for minerals exploration and development in Canada, contribute to Canadian development in the same general manner as does the Canadian government? The answer is Yes. The United States for many years has encouraged American companies to risk their capital in natural resources exploration and development in other nations, by permitting deduction of these costs from American income before calculation of American taxes. This policy has brought hundreds of millions of United States dollars to Canada in the past eight years.

If we were to concede that the special deductions from income of exploration and development costs are in the nature of a handout from the government—something which I do not concede—then only one logical conclusion could be made: the taxpayers of the United States are contributing a big slice of the funds for Canadian resources development.

Actually, in so far as deduction of exploration and development costs from taxable income is concerned, I do not believe that the taxpayers of either Canada or the United States are paying a single dollar. What the governments are doing is recognizing that exploration and development are normal expenses undertaken by the companies concerned in an effort to find and develop new revenue, in which the government will share as soon as costs have been recovered.

Of course there is no assurance that exploration spendings will bring discoveries and profit-making production. If they do not, the losers are the companies who have footed the bill. Many of the companies, both domestic and foreign, carrying out Canadian exploration, have yet to make discoveries adequate to pull them out of the red. Many others have made discoveries that will assure an ultimate profit, both for themselves and government. Many, many more discoveries will undoubtedly be made in Canada if the economic climate is favourable.

In fact, the Canadian government has already been assured by discoveries to date of many hundreds of millions of dollars of additional tax revenue in years ahead, as oil, gas, metal and industrial mineral discoveries of recent years advance from the return of capital stage to the stage of paying profits. The Canadian government will draw the same share of those profits, whether the discovering and producing companies are Canadian or foreign.

Since American companies play such a major role in Canadian resources development it might be well to look briefly at how United States and Canadian tax policies function in relation to them. Some operate here as a division of the American parent; others operate through Canadian subsidiary companies.

An American company doing business in Canada may include its Canadian exploration and development expenditures in its parent company's consolidated United States tax returns, deducting these expenditures from this United States income. When and if it develops Canadian income that income will also go into its consolidated tax returns. For Canadian tax purposes the expenditures may be carried forward and charged off against future income in Canada, when and if it is obtained. In order to invoice international double taxation in profit years, tax payments made in Canada may be used as a credit against the United States tax liability.

In effect United States income foots the bills for United States companies' explorations and pays any losses if adequate Canadian income is not obtained. If sufficient Canadian income to leave a profit after recovery of exploration costs is obtained, the profit is shared with the Canadian government.

The second method of operation of United States companies in Canada is through Canadian incorporations as subsidiaries to the parent. In the case of Canadian subsidiary companies, of course, they pay taxes in Canada, after the write-off of prior years' expenditures, the same as for an American subsidiary. The United States taxes at current rates would be paid on dividends transferred to the American parent company.

Sir, I now come to some suggested recommendations which I feel the minister and his aides might well take under consideration in trying to arrive at perhaps an even better program, from the viewpoint of Canada, in

so far as the income tax program is concerned, in stimulating or accelerating the development of resources in Canada.

My first recommendation is this: That the provisions under section 53 of chapter 25 of the statutes of 1949 as amended, for the charging off as expense of exploration and development costs associated with oil, gas and minerals search in Canada, should be incorporated in the Income Tax Act on a permanent basis; in contrast with the present practice of dealing with these annually as a special tax concession subject to extension each year.

In contrast with the present practice of dealing with this annually as a special tax concession subject to extension each year, this recommendation refers specifically to paragraphs 2 and 3 of the resolution to amend the Income Tax Act because the special deductions they refer to are designed simply to recover from income the actual costs of exploration and development which are simply normal operating expenses of the oil and mining industries, and they are not a subsidy. This recommendation specifically excludes paragraphs 1 and 4 of the resolution to amend the Income Tax Act on the grounds that these items are in the nature of incentive subsidies.

The first paragraph exempts from taxation the first three years' income from new metalliferous or industrial mineral mines. The other provides for deduction from taxes of 35 per cent of drilling costs of certain deep-test wells drilled in search of oil and gas but which fail to get production. This special concession applies to only about 1 per cent of exploratory wells.

Quite properly, sir, incentive subsidies should be subject to annual review and annual extension, revision or cancellation, dependent upon conditions prevailing at the time of review. I might add, sir, that depletion allowance changes, which I shall suggest in a few moments, could do much to reduce or eliminate the need of these incentive subsidies set up in items 1 and 4 of this Income Tax Act amendment.

The second recommendation is that the definition of exploration costs for oil and gas should be broadened to include all, instead of just part, of the costs incurred in land acquisition. This is the standard practice under the United States tax laws and its adoption in Canada would give Canadian companies closer to an even break with United States firms in the competition for rights to explore potential oil and gas lands in Canada.

Canada has already accepted in part the principle that cash paid for the acquisition of the rights to enter upon lands for the purpose of exploration spendings and drilling are necessary and thus properly deductible in the same manner as drilling and exploration costs. Section 53 (3A) of chapter 25 of the statutes of 1949 as amended provides for deductions of amounts paid to the federal or provincial governments in the acquisition of a legal lease of oil and gas rights, provided the lease is surrendered without production being obtained.

The same principle, I submit, should apply with equal force and similar deductions should be allowed for bonus payments for the rights to do the same exploring and drilling granted under freehold leases and government permits, licences and reservations, items which in total represent many millions of dollars of costs which cannot now be deducted as an expense.

The final recommendation, sir, is this: Depletion allowances, as provided for in part 12 of the income tax regulations, should be revised, particularly in regard to oil and gas wells, to provide for their full application to gross income rather than net. This recommendation is based on two facts: The first fact is that the present depletion allowance policy in Canada encourages Canadian companies to rest on their laurels, drawing production from current wells, and cutting down on exploration; for the depletion allowance is only effective when a profit position has been reached and all exploration and development costs have been recovered.

The second fact is that the present Canadian depletion policy gives the United States company a competitive advantage over the Canadian firm in Canada, because the United States tax law permits deduction of depletion from gross income, prior to recovery of exploration and development costs.

Depletion allowances, basically, are recognition that a well or mine is a wasting asset, strictly limited as to the ultimate production it can yield. To stay permanently in business the owner must continuously explore to replace with new wells or mines the reserves that are produced. In principle, depletion allowances provide natural resources production industries with a lower rate of taxation than applies to industries which do not have the same problem of replacing by exploration the basic products they process. I might say, sir, that depletion does not apply of course to the normal business phases of such an industry as oil; in other words, profits from refining and marketing are taxed at the full corporate tax rate without benefit of depreciation allowance.

Under present Canadian policy the operators of oil and gas wells are permitted a

depletion allowance deduction of 33⅓ per cent of the net profits until all the costs of exploration and development have been recovered. In recent years the oil and gas industry has poured into exploration and development many hundreds of millions of dollars in excess of production income. I believe that since the Leduc discovery in 1947 the total expenses in exploration and development have been over $1½ billion in western Canada. The gross value of production before any deduction of costs has been just over $600 million. In other words, to date less than half the total expenses have been recovered. One result is that only about one-tenth of the companies who are actively exploring and producing in Canada are in the position of having net production income against which to apply depletion allowance. The actual depletion allowance benefit to active exploration companies therefore has only amounted to a fraction of 1 per cent of the spendings designed to replace and increase proved reserves of oil and gas. The purpose of the depletion allowance provisions therefore has been largely defeated.

Under present regulations a company could discover an oil or gas pool and if it were carrying on an active exploration program could produce all the oil or gas therefrom and receive very little, if any, depletion allowance. On the other hand, if the company reduced or halted exploration it could derive a very substantial depletion allowance and ultimate profit from the operation of the pool. As the regulations now apply, there is a penalty imposed on the company willing to continue large-scale exploration and that, sir, is an undesirable state in a nation like Canada where our national future depends in no small measure upon the continued risking of large amounts of capital on natural resource exploration and development.

The odds against discovery, in other words, the tremendous risk factor, must be kept in mind when considering depletion allowances as related to the oil and gas industry. To the investor and speculator considering putting his cash into oil the obvious attraction must be that there will be at least as much money left after taxes as would otherwise be available in less hazardous enterprises. With that incentive larger sums of money will be available from Canadian sources and the search to provide oil and gas requirements of the nation will be expanded.

In contrast to the very limited application of depletion provisions to the companies who pay the cost of Canadian exploration and development, we have a depletion allowance of 25 per cent of gross income extended to recipients of gross royalties and similar interests in oil and gas wells; in other words, the groups who do not pay the costs of exploration and development.

I would strongly urge that the government amend its current regulations to provide that the depletion allowance of 25 per cent of gross income be extended to those who provide the costs of exploration and development in place of the current allowance of 33⅓ per cent of any ultimate net profits.

Such a step would go a long way towards providing the continuing incentive for Canadian capital to maintain a large-scale exploration program in Canada and would in addition put the Canadian in a nearer-to-equal position with his friendly and essential competitor, the American, in the drive to develop to the full Canadian resources.

I may say, sir, that United States companies have a choice when it comes to depletion in oil and gas wells. That choice is between the greater of two calculations: (1) percentage depletion 27½ per cent of gross income not to exceed 50 per cent of net income. You will notice, sir, that this division in the United States is substantially greater than the present division under the Canadian act, and also greater in terms of gross income depletion than the proposal I have made.

The second point in the United States is cost depletion method which means a recovery of acquisition costs such as bonuses, et cetera, for the year on a unit of production basis. I do not understand that program myself so I will not attempt to interpret cost depletion.

I believe the existing regulations and policies in regard to encouraging the development of Canada's industrial mineral and metalliferous resources are adequate to accomplish the nationally desirable objective.

So far as oil and gas resources are concerned, government policy has undergone a considerable change for the better in recent years as the government's knowledge of the potentialities and problems of this comparatively new oil and gas industry increase. But present policies and regulations cannot yet be considered to have reached the final form in which they could achieve the maximum benefit for Canada.

I trust the government will give further serious consideration to the amendments I have suggested, preferably now before the legislation is passed or, if not now, at least long before the house again considers these matters a year hence.

In conclusion, sir, may I say briefly that there are four groups in Canada which may be said to be concerned with her natural resources development.

The first group comprises those who pay the shot for exploration and development, the oil and mining companies and those who invest their cash in them.

The second group consists of those who own the mineral rights, mainly the provincial and federal governments so far as the territories are concerned, plus a minority of rights owned by private companies and individuals.

The third group is the federal government which, on behalf of all Canadians, collects a share on the profits of all resource production in Canada, plus a goodly share of the moneys spent on exploration and development.

The fourth group, sir, is the Canadian people themselves who, as workers in the resources industry or in industries which are built up around resources development, and as citizens of a nation to whom the supply of oil and gas and other resources plays a vital part in their future development.

Now, under our existing mineral rights policies and tax policies in Canada, at least so far as oil and gas are concerned, we can reach one conclusion as far as the benefits are concerned. These benefits are spread between the groups I have mentioned and we can say this, that the ultimate net profit so far as oil and gas are concerned under existing regulations, the net profit of which will be realized by the companies who risk all the capital for exploration and development, will be about equal to the ultimate tax take by the federal government resulting from the capital spending and the production income.

This take or net profit to those who risk all the capital will also be about equal to the cash revenue derived by the government and private owners of mineral rights whose minerals are being appraised and developed by the members of the resource industries. Since those who risk all the capital wind up with a cash profit return of roughly equal to one-third of the total cash benefits to be derived in the development of these resources then I believe, sir, it behooves both the provincial governments and the mineral rights owners, as well as the federal government as the principal taxing authority, to do all in their power not to use the public's money for the development of these resources but to ensure that these private companies who actually finance and take the risks of resources development are given a fair deal in terms of tax policy.

The Deputy Chairman: Is there any further discussion on paragraph 1?

Some hon. Members: Carried.

The Deputy Chairman: Paragraph 2?

Some hon. Members: Carried.

The Deputy Chairman: Paragraph 3?

Some hon. Members: Carried.

The Deputy Chairman: Paragraph 4?

Some hon. Members: Carried.

Mr. Fleming: May I ask the parliamentary assistant if he is going to say anything in reply to the very able address we have just listened to from the hon. member for Calgary South?

Mr. Benidickson: Well, Mr. Chairman, as all hon. members of the house recognize, it certainly was a very interesting, thoughtful and informative address, and we all know that the hon. member speaks from a rather unique position when he is dealing with the petroleum industry because he has a very special interest in it these days.

I think my hon. friend pretty well summed up the intent and tenor of the resolution now before us. He pointed out to the house that the first three paragraphs are not new either in intent or content, and are merely an extension of existing practice. In so far as item 4 is concerned he urged that rather than being somewhat more restrictive, as the Minister of Finance announced he might be, we should continue past policies. Certainly the hon. member's remarks will be given the closest—

Mr. Nickle: Mr. Chairman, on a point of order. May I point out that I did not urge that the previous policy in regard to point 4 be continued. I supported the restriction that has been set up.

Mr. Benidickson: The hon. member, of course, very properly drew attention to the expansion of the number of deep-test wells which have been recognized in a progressive way from 1951 up to the present time, but generally speaking we are very conscious of the fact that the deduction in this case for deep-test wells is rather an unusual one, particularly in that it is not only the deduction of the expenses incurred in this drilling, but is the aggregate of the expenses incurred in drilling the test wells and a 35 per cent of cost deduction from the actual tax. The Minister of Finance announced in his budget speech that this has always been an order in council recommendation, and that there is a likelihood from now on that the territory which may be considered as justifying this form of tax consideration may be somewhat narrowed.

The Deputy Chairman: Shall we pass on to paragraph 5?

Mr. Michener: Mr. Chairman, I hope the parliamentary assistant's suggestion that my proposition be deferred to this point indicates a willingness to consider a revision of paragraph 5. It seems to me there is an almost unanswerable case in this regard, and I shall be very interested to hear what reasons can be advanced against the extension of the principle of deducting pension payments from taxable income in the case of the self-employed. The resolution provides for an increase in the deductions allowed to an employer or employee in respect of the amounts paid or contributed to or under an approved superannuation fund or plan.

My concern is with that great group in the community who are not now privileged to share in those deductions. As I began to say earlier, these deductions commend themselves to everyone as a means by which, in this era of high taxation, a person can lay up some part of his income in the form of a pension and can make some saving to provide for his retirement and old age. As I say, that principle commends itself to everyone because it is extremely difficult for anyone, after providing for the income tax that is at present payable, to save anything from his earnings. So much is that so that I believe that the normal self-employed person, unless he makes some capital appreciation which is not taxable, is unable in these days to build up any estate. I am not so much concerned about the problem of building up an estate as I am about the prospect which is open to employed persons but not to the self-employed, to acquire for themselves the equivalent of an estate in the form of a pension which is payable to them when they retire.

As matters now stand under the law, a man who is employed is not required to pay taxes on $900 of his income which he puts aside in the purchase of a superannuation pension. In fact, that amount can be increased, in the payment up of arrears, to $1,800 and his employer can make a like contribution. The employer's contribution is, in effect, part of the employee's salary; that is a fact which everyone recognizes, because the employer regards the employee as being worth not only his salary but the contribution which the employer makes. Hence today you have the possibility of normal savings of $1,800 of income, by putting it into a pension plan, on which no tax is levied.

That is the situation with regard to the employed. My question is this. Why is the self-employed person in any different position from that of the employed person? Who are the self-employed? My description of them may not be complete, but obviously they comprise a large section of the community. First you have the small businessman. No one will deny that the man who carries on business in an unincorporated way as an individual proprietor usually has a small business and has great difficulty not only in meeting his current expenses but in providing for his future. Then you have the fisherman who is working for himself and you have the farmer who is working on his own. Then you have the professions, that great group which comprises many of the members of the House of Commons and which includes doctors, dentists, lawyers, nurses and accountants. All those people normally work on their own account and have no employer from whom they receive a salary. In addition to them, you have artists. Then if you move on to the trades, you have people who work as plumbers, painters and artisans of one kind and another. A great many people in this country are not employed by anyone but rather exercise their right, their intelligence and their enterprise to provide for themselves in their own way.

Those people are not entitled to the benefits which accrue to the employed. Those people are not privileged to lay up $1,800 of their income each year, tax free, in the purchase of an annuity, a pension or other means of providing for themselves when the inevitable time of retirement comes along. It seems to me that that disability is one which should not be allowed to continue, Mr. Chairman.

I know that this point has been raised before in this chamber. I know that answers have been given to the effect that technically it is not easy to extend to those who are not on payrolls the right to save money in this way as can their associates who are employed. It seems to me that the technical difficulties are not hard to remove if the spirit to do so is present. By way of illustration I should like to put to the committee the simple case of two people, both working in the nursing profession, one employed by a hospital—say the Toronto Western hospital of which I happen to have some knowledge—which has an approved superannuation scheme. She can provide each year for her superannuation by a deduction from her salary, and a similar amount is contributed by the hospital.

In the next room to her may be working a nurse who is not employed by the hospital or is not on the staff, but who is employed by the patient in that particular room on a per diem fee. She has no such privilege

as that which is enjoyed by the other nurse. Yet they are both doing identical work. They both have to retire in due course. They are both entitled to save and to provide for their retirement by this method which has been so well recognized in the past for the employed. If there is any good reason for this disability—in fact I would use a stronger term than that; I say it is discrimination against the self-employed—to be continued, I shall be glad to hear what it is.

I know there are thousands of people in this country who would be extremely glad to be put in the same position as that of their fellow citizens whose only difference is that their income comes from a pay envelope instead of through their own earnings but who have exactly the same needs and pay exactly the same rate of taxation on their earnings. It seems to me that an approved annuity, which is payable as a retirement annuity, or an approved pension should be granted recognition. We have pensions purchasable from the federal government; we have retirement annuities supplied by the insurance companies. It seems to me that those provisions for one's retirement, which may not be anticipated, can in every sense be approved and be regarded as the equivalent to the approved pension plans. I therefore suggest that this matter be given immediate attention.

Mr. Fleming: Mr. Chairman, resolution No. 5 invites comment both for what it contains and for what it omits. It proposes:

> That for the 1954 and subsequent taxation years the deduction allowed to an employer or employee in respect of amounts paid or contributed to or under an approved superannuation fund or plan shall be increased from $900 to $1,500.

That resolution, if approved, will involve amendment of two subsections of section 11 of the Income Tax Act. On the one hand it will permit an increase in the permissible deduction of the employer from $900 to $1,500 per annum in respect of any employee under such an approved superannuation or retirement scheme, and on the other hand it will permit, in the case of every employee under any such approved scheme, an increase in his permissible deduction from $900 to $1,500 without at the same time making any change in the right given to him under the section to deduct as well in respect of contributions to such a scheme for previous years' service.

First of all, as to what this resolution proposes, may I say this. It is evident that it involves a vertical extension of the provisions of section 11 of the act in this regard. What the reasons for this vertical extension are have not been indicated in any way to the committee as yet. We shall await with interest what the parliamentary assistant has to say about that matter. So far as at least some of us in this chamber are concerned, we have not heard any public demand for this vertical extension. It will be interesting to know from what quarter have come the requests for it.

In at least one newspaper I have seen an editorial suggesting that this extension was being introduced for the benefit of members of parliament. This seems to me, Mr. Chairman, about as far-fetched an observation as anyone could well imagine, and I think the parliamentary assistant owes it to the house to say something about this. I think the public ought to be made to realize that the maximum that a member of parliament can contribute in respect of current indemnity is $240 a year. He falls far short of the $900 deduction allowed to him under the law at present, so that he is not going to derive any benefit from the extension of this amount to $1,500. I mention that in passing because it seems that members of parliament are always fair game in these matters for anyone who feels a little jaundiced. But, sir, it will be interesting to know what is the genesis and origin of this particular vertical extension.

So much, sir, for what the resolution proposes. I have more to say about what the resolution fails to do that should have been done. There should have been an extension proposed in the resolution of a horizontal nature rather than a vertical one. This is not a new matter. It was discussed in the house on April 10, 1953, very fully. That was when the house was in committee of the whole on the bill to amend the Income Tax Act. At pages 3702 to 3708 of *Hansard* is contained what I think was a useful and comprehensive discussion of this question.

The Minister of Finance is not in the house at present. I know his parliamentary assistant will not misunderstand me when I say I wish the minister were here to add to what he said last year because, while he then put forward certain objections and indicated certain difficulties in the way, he did leave us with the impression that he was not dismissing the subject finally, that he was prepared to keep an open mind on it and would review the subject further. Many of us hoped that by this year he would have been ready to propose some remedial legislation. At page 3704 he summed up his view in this way:

> I have not taken a final position but the difficulties, the inequities, still appal me.

The minister is not here to explain what his thinking on this subject has been since we discussed the matter thirteen months ago.

The principle is incontestable in this house that the Canadian people should be encouraged to provide for their old age. We do give

recognition to that principle in various ways. The principle is recognized in the Income Tax Act in various respects. For the purpose of the present discussion, the principle is already extensively recognized in the subsections of section 11 of the act which I have mentioned. If these provisions in favour of employers and employees with respect to contributions to approved superannuation funds are allowed to stand and the principle upon which they stand is not to be further recognized then I must say that there is discrimination which must be subjected to close examination.

In the discussion a year ago the minister ventured to suggest that to extend the principle in the manner then proposed by some of us would in effect constitute a discrimination. I absolutely reject the minister's argument. The fact of the matter is that the principle is already recognized. The discrimination, if any exists, has been written into the act now, and the way to meet this situation is not to put an end to all remedial legislative efforts but rather to apply our best efforts to extend the principle and in that way abate any existing discrimination. The principle has been recognized and the statute in this respect is working quite satisfactorily.

So far as any of us have heard in discussion in the house, there has been no criticism of these provisions in section 11 of the act and there has been no complaint of difficulty on the part of the government in administering them. I do not doubt that in the ordinary course problems are presented in the process of administration but, Mr. Chairman, that is what we have administrative machinery for, and it is evident that this legislation has been operating satisfactorily. That cannot be gainsaid.

Those who are excluded, as has been said by my colleague, the hon. member for St. Paul's, are, broadly speaking, the self-employed. Those concerned can be grouped into many categories but generally speaking —and it is for such groups that it seems to me the principle should be extended—they are bona fide agricultural, labour, business, industrial or professional associations or similar organizations. In proposing the extension to bona fide organizations of that kind I am proposing, it seems to me, nothing that is open to attack in principle and nothing that will present administrative difficulty that cannot be readily overcome.

There have been many submissions made to the Minister of Finance on this subject. Probably the most notable was the one made a year ago. It was a joint submission put before him on behalf of the following organizations: the Associated Dentists' Co-operative, the Association of Professional Engineers of the Province of Ontario, the Canadian Dental Association, the Canadian Institute of Chartered Accountants, the Canadian Medical Association, the Certified Public Accountants Association of Ontario, the Commercial Travellers Association of Canada, the Law Society of Upper Canada, the Royal Architectural Institute of Canada and the Toronto stock exchange. It was a very impressive brief that was submitted to the minister in the name of these organizations. The minister must have been impressed with that presentation.

Now, sir, there was some suggestion from the minister last year about administrative difficulties. I submit that there is no administrative difficulty offered in this respect that cannot be overcome in the same way that any administrative difficulties have been overcome in reference to the operation of the existing subsections (f) and (g) of section 11 of the act.

The minister promised to give consideration to this subject during the past year. He has made no reference to it whatever even in introducing his resolution for a vertical extension of the provisions of the present act in this regard. I am afraid that the minister, contemplating his retirement from the office which he now holds, has probably lacked the interest to press these matters to a conclusion. It is evident that in this and in other respects which have come under debate in the house during the past two days he is leaving many problems on the doorstep of his successor, whoever he may be.

There was one difficulty raised by the minister last year that I think warrants special mention. He suggested that what would be involved in the case of the self-employed of the groups to whom I have alluded would be virtually a double deduction. He said in effect: Today we allow the employer a deduction of $900 from his taxable income and we allow the employee a deduction of $900 from his taxable income, so that there is a total deduction of $1,800 in the case of the contributions to a retirement allowance for any one employee. In the case of the self-employed, the minister contended that to put them on a similar footing we would have to allow a similar total deduction of $1,800, and in the case of the self-employed that would accrue entirely to the benefit of one person and not two as at present. My answer is that whatever limitations are necessary to assure equitable application can certainly be devised. That kind of objection is no excuse for doing nothing to meet a situation of this nature where a very serious discrimination now exists.

Looking abroad, sir, there has been since this matter was under discussion on April 10, 1953, one very notable development in the United Kingdom. It is the submission to the chancellor of the exchequer of what is known as the Millard Tucker report. This report was submitted recently to the chancellor of the exchequer by a royal commission which takes its name from the chairman, Mr. James Millard Tucker, K.C., J.P. The committee was appointed in August, 1950, by Sir Stafford Cripps when he was chancellor of the exchequer, and is composed of very eminent men. It has surveyed this whole question of the taxation treatment of superannuation and retirement provisions under the law of the United Kingdom. I am told that the same committee is now extending its investigations into other aspects of taxation law and administration.

This report deals specifically, among other subjects, with the subject of the tax position of the self-employed in relation to provisions being made by them in various forms for their maintenance on retirement. I do not propose to weary the committee by referring to the details of this report. It is a document embracing some 156 pages of very fine type, a report that has about it every mark of learning and of thorough investigation into this subject. The reference to the committee calls for investigation into this and a number of other related subjects. The committee has among its extensive recommendations included one in favour of a scheme for putting self-employed persons on a comparable basis in regard to taxation with employees who enjoy the benefits of a superannuation scheme provided by their employers.

There is a minority report submitted by two members of this committee, which makes certain observations upon the report of the majority, but as I read that it does not attack the basic recommendation to which I have just made reference. The committee covers this particular subject of the tax position of superannuation provision made by the self-employed in chapter 6, and has embodied some 30 recommendations in detail dealing with almost every aspect of the subject and certainly providing every type of safeguard that is required to ensure equitable treatment of those in the self-employed field and to avoid any form of discrimination with respect to that class.

Now that report came only recently before the chancellor of the exchequer. When asked whether he would be prepared to introduce legislation to implement its recommendations at the present session of the parliament of the United Kingdom I am informed he said that the session was so far advanced he did not feel he had time to give this subject the study it required before introducing legislation based upon the recommendations of the Millard Tucker committee. But he did give assurance that before another session of the parliament of the United Kingdom was convened he would give to this subject and to the recommendations of the Millard Tucker committee exhaustive study and consideration.

Exhaustive study and consideration of this subject are long overdue in Canada. At a time when the government has seen fit to propose this vertical extension of the provisions of the present act, it seems to me the government has failed in its duty in coming before the house without any proposal for a horizontal extension of the same provisions. A horizontal extension is unquestionably much more urgently required in the interests of fair play, in the interests of the removal of existing discrimination, than is any vertical extension. The time to deal with a vertical extension, if there is a case for one, is after a horizontal extension has been written into the law of this land to remove the existing discrimination and to give fair play and justice to the self-employed in this country.

Mr. Knowles: Before the parliamentary assistant replies to the statements that have been made by the hon. member for St. Paul's and the hon. member for Eglinton I should like to urge that he give the committee a clear statement as to why the changes set out in this part of the resolution are being made. Without necessarily agreeing to all the specific suggestions that have been made by the last two speakers, I certainly agree with the general statement that a horizontal extension is more important than a vertical one.

What does strike me about these figures is the practical result. It is now possible for an employee to get a deduction for $900 in the course of a year as a current payment into a superannuation fund. What employee can pay even that much into a pension fund? The payments that employees make into pension funds are at varying rates, but 6 per cent of one's salary is a fairly good rate, indeed, shall I say, a fairly high rate. This $900 is 6 per cent of a $15,000 annual salary. It does seem to me if provision has been made for a person on a salary as high as $15,000 a year to get income tax deductibility for 6 per cent of that, that is about as far as we need to go.

If this amount that can be deducted is to be raised to $1,500, that is 6 per cent of an annual salary of $25,000. It seems to me that the government is getting the cart before

the horse in being concerned about people up in those brackets before it does something to encourage the broadening of pension plans to cover our people generally. One could look at a lot of different tables and get different results, but speaking very generally and bearing in mind the fact that these contributions are in turn usually matched by the employers, when you are talking about a $900 annual contribution from employees, that usually means a total of $1,800, $900 from the employee and $900 from the employer. Over 25 years that could buy a pension of between $4,000 and $5,000, depending upon when the contract starts and the age at which the person goes on pension.

The proposal to raise the amount that can be deducted to $1,500, according to this very rough calculation I have made, results in allowing income tax deductibility to people who are purchasing pensions of $8,000 or $9,000 a year. It does seem to me we should be concerned about broadening the base of the exemption and encouraging the development of plans that will help those who are now not covered at all before we should be concerned about income tax deductibility for the purchase of pensions of these high orders.

I stress the further point that when you raise the amount that you can deduct from $900 to $1,500, not only does that take you up into the higher income brackets before a pension of that kind can be afforded, but when you get up into those upper brackets it means that the income tax saving that arises from the greater deductibility is that much greater, because you are in the higher income tax brackets.

Perhaps the parliamentary assistant has an explanation for this. He may think it is a good one, and we will be glad to hear it as soon as he is given the opportunity to speak. But I do want to say that this is hardly the sort of thing the government should be bringing in, bearing in mind the fact that we are still waiting for the government to go ahead with the plan that it had before us a few years ago, which was to raise the amount that can be bought under a government annuity.

Mr. Chairman, I am not going to get out of order by discussing that question, but I do lay this before the committee as an example. There was an occasion when something was being done to make it possible for people who could buy annuities at $1,200 to have them increased to $2,400. That is down within reasonable brackets. But it was not carried out, for some reason which has not yet been made known to us. But here is this move, which is a help to people in brackets which to most Canadians seems rather high and fanciful.

I think something should be done to encourage the establishment of the kind of pension plans that would enable employees to carry their pension rights with them when they move from one employment to another. And one of the ways that can be encouraged is through income tax provisions providing income tax deductibility where plans are funded, and employees are given the right to move about.

It is one of the things that happens with some pension plans, that sometimes employees seem to be frozen on the job because they cannot lose such pension rights as they have earned. It seems to me that that is the sort of problem, the need for broadening the base, to which the government should be directing its attention, instead of raising these figures to levels which produce the results I suggest they produce—and which, so far as I know, have not been requested. I hope the parliamentary assistant will explain why this resolution was brought in at all.

Mr. Benidickson: One of the questions raised and described by the hon. member for Eglinton was the reason for what he described as a vertical rise in the pension ceiling. This legislation I think was generally approved in 1946, when it was introduced. A ceiling of $900 was established at that time. I think hon. members will recognize that wages and salaries have increased between 1946 and the present time roughly in the proportion of the increase in the ceiling proposed here.

My hon. friend from Eglinton, too, was asking from what quarters the suggestion was made that brought about this legislation. I certainly want to assure him, as he said, that it did not come from members of parliament; because under their pension scheme this change in the act would be of no benefit. The hon. member himself outlined that our maximum contribution is in the nature of $240.

Mr. Fleming: That is per annum.

Mr. Benidickson: Yes, per annum. The hon. member for St. Paul's of course was not with us in the last session, and I do not know whether he has read the very full statement that was given by the Minister of Finance at the last session explaining why he felt that this could not or should not be extended to the self-employed.

The hon. member for Eglinton emphasized, and I felt wrongly, the minister's explanation of last year, in that he suggests that he presented administrative difficulties as being the important difficulties in his rejection last year. Then and now, on this suggestion that the self-employed should have a provision in a horizontal way, similar to what is provided for employees, I suggest to the hon. member for Eglinton—

Mr. Fleming: The minister did not confine his objection to the matter of administrative difficulty. He argued on the basis of discrimination and that is why I spent as much time as I did in my remarks in dealing with the subject of discrimination.

Mr. Benidickson: Certainly the preponderance of the minister's argument was on principle. I wish to assure my hon. friend that not only this year but last year the representations that came in from certain groups were very carefully considered. But I am quite satisfied that after a re-examination of the problem the minister came to the same conclusion that he did last year, which the hon. member for Eglinton quoted:

> I have not taken a final position but the difficulties, the inequities, still appal me.

The hon. member referred to the report in the United Kingdom of a commission which was giving consideration to this problem. I believe the commission brought in a report about two months ago. Perhaps it was too early to have it considered by the chancellor in his budget, which was brought down the same night as our Canadian budget. I do wish to point out—

The Deputy Chairman: Order. I am not calling the parliamentary assistant to order, but rather hon. members who are not maintaining order in the chamber.

Mr. Benidickson: I see it is about ten o'clock, Mr. Chairman. I was going to conclude by saying that there is a very striking difference in the take-home pay, shall we say, after taxes of the self-employed, in the United Kingdom, as compared with the same group in Canada. I have some figures here showing the tax of a married taxpayer with no dependents receiving an income of $10,000 a year. In Canada that person would be paying a tax of $1,660, plus $60 as the old age security tax. The same individual with that income in the United Kingdom would pay a tax of $4,086, plus a social security tax of $39. I think that is the distinguishing point between the situation in this country and that in the country from which this commission report has been received.

Resolution stands.

Progress reported.

Resolutions reported, read the second time and concurred in.

EXCISE TAX ACT

Hon. W. E. Harris (for the Minister of Finance) moved for leave to introduce Bill No. 447, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

EXCISE ACT

Hon. W. E. Harris (for the Minister of Finance) moved for leave to introduce Bill No. 448, to amend the Excise Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall begin with the resolution in the name of the Minister of Veterans Affairs, which I understand may not take too long. Then we shall have second reading of the bill with respect to the Canadian National Railways which, upon receiving second reading, will go to the committee. Then we shall take the Vocational Training Co-ordination Act in committee. I understand that since everyone supported it when it was in the house and in committee it should not take too long. We shall then take second reading of the bill to amend the Department of Transport Act; second reading of the bill respecting inventions by public servants, and the resolution with respect to crown corporations; second reading of the bill to amend the Radio Act and second reading of the bill to amend the Opium and Narcotic Drug Act.

Mr. Knowles: And then go into supply?

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, May 19, 1954

The house met at 2.30 p.m.

BANKING AND COMMERCE

SEVENTH AND EIGHTH REPORTS OF STANDING COMMITTEE—CONCURRENCE IN EIGHTH REPORT

Mr. David A. Croll (Spadina) presented the seventh and eighth reports, of the standing committee on banking and commerce, and moved that the eighth report be concurred in.

Motion agreed to.

QUESTIONS

CASH ASSISTANCE, WESTERN FARMERS

Mr. McLeod:

1. What has been the total of cash assistance paid to the farmers of Manitoba, Saskatchewan and Alberta under the provisions of the Prairie Farm Assistance Act, since the inception of the act?

2. What has been the total cash assistance paid to the farmers of British Columbia under any similar legislation during the same period?

Mr. McCubbin:

1 and 2. Total payments under the Prairie Farm Assistance Act from 1939 to March 31, 1954:

Province	Total cash assistance
Manitoba	$ 3,924,095.52
Saskatchewan	104,969,869.33
Alberta	36,921,082.80
British Columbia (Peace river block)	290,526.50
Total	$146,105,574.15

T.C.A.—FILMS OF MOOSE JAW CRASH

Mr. Thatcher:

1. Did any motion picture company make newsreel films of the recent crash of a T.C.A. plane at Moose Jaw?

2. If so, has any department or agency of the government censored the showing of such films?

Mr. Pickersgill: I might answer this question orally. It affects more than one department. It was found, after the national film board had made a check of the list of newsreels, that there was no newsreel of the recent T.C.A. plane crash at Moose Jaw. In any event, the film board does not censor the showing of newsreel films. In case the hon. member might feel the C.B.C. was a government agency, which of course it is not, an inquiry was made of the C.B.C. It does appear that a firm in Regina made some pictures of the wreckage, and those pictures were shown on television.

INTERNATIONAL SERVICE, C.B.C.

Mr. Zaplitny:

1. How many different language sections are there in the international service of the Canadian Broadcasting Corporation, and what are these languages?

2. Who is in charge of each of these sections?

3. What is the policy of the government with respect to the purpose of this international service?

4. What department of government is responsible for the administration of these policies?

Mr. McCann:

1 and 2. 17.

Language	Section Head
English	Jack Craine
French	J. M. Marcotte
Norwegian	Krabbe Smith
Swedish	Sture Persson
Danish	Axel Thogersen
Finnish	Erkki Kuutti
Dutch	Miss M. van Steensel
Italian	H. P. Capozzi
German	G. J. Pick
Austrian	Mrs. R. Auersperg
Czechoslovak (Czech and Slovak)	Dr. W. Schmolka
Russian	S. Chripounoff
Ukrainian	Gordon Panchuk
Polish	G. Arthur
Latin American (Spanish and Portuguese)	A. Brassard

3. The purposes of the international service include: spreading knowledge and understanding of Canada in other countries; promoting international understanding and good will with other peoples; advancing the cause of freedom and democracy and combating opposing influences on men's minds; broadcasting to Canadian troops overseas. The operating program policies, appropriately adjusted according to the interests of the peoples in the areas concerned, are made in continuous consultation with the Department of External Affairs.

4. The Canadian Broadcasting Corporation is responsible for administration of the international service.

Questions

POST OFFICE—REGIONAL DIRECTOR, QUEBEC

Mrs. Fairclough:

1. When was the office of regional director of the Post Office Department for the Quebec region vacated?
2. Who was the former incumbent?
3. What was his salary?
4. Has the position been posted?
5. If so, on what date?
6. Has the work meanwhile been carried on by a substitute or assistant?
7. If so, at what salary?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. April 1, 1953.
2. Sarto Chartrand.
3. $8,100.
4. No.
5. Answered by No. 4.
6. The development of the investigations division is not yet completed. In the meantime, in addition to the work of developing the investigations unit, Mr. Chartrand has undertaken special assignments in relation to the regional work. Some of the work formerly performed by the regional director is being assumed by district directors or other competent officials. In the opinion of the management consultants, J. D. Woods and Gordon Limited, as district directors attain their full responsibility their function will merge with that of the regional directors. It is as yet too early to made a positive decision.
7. Answered by No. 6.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMPANY DIRECTORS

Mr. Knowles:

1. Who are the directors of (a) Montreal Bronze Limited; (b) Canadian Car & Foundry Company, Limited; (c) Montreal Locomotive Works Limited?
2. Are any of the above directors members of the board of directors of the Canadian National Railways? If so, which ones?

Mr. Pickersgill: Return tabled.

DOMINION WHEEL AND FOUNDRIES DIRECTORS

Mr. Knowles:

1. Who are the directors of Dominion Wheel and Foundries Limited?
2. Are any of the above directors members of the board of directors of the Canadian National Railways? If so, which ones?

Mr. Pickersgill: Return tabled.

MOTION FOR PAPERS

POSTMASTER, YORK, ONT.

Mr. Charlton:

For a copy of all letters, telegrams, memoranda and other documents exchanged between any person or persons and the Post Office Department, since January 1, 1953, relative to the position of postmaster at York, Ontario.

[Mr. McCann.]

TRANS-CANADA AIR LINES

REPORTED NEAR CRASH AT MALTON AIRPORT

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question to the Minister of Trade and Commerce or the Minister of Transport. In view of the narrowly averted air accident at Malton, will the government indicate what plans, if any, it has for eliminating the possibility of such accidents in the future?

Hon. Lionel Chevrier (Minister of Transport): Our officers had been asked to check on the veracity or otherwise of the statement that appeared recently, and to which reference has been made by my hon. friend, concerning a near crash at Malton.

However, in order to answer the second part of the question, I may say that I do not think that would be possible until such time as the report that was tabled by the Minister of Trade and Commerce on the Moose Jaw tragedy has been completed. It was an interim report to which my colleague referred, and until the final report is complete, I do not think it would be possible to deal with that matter.

FLAX

REDUCTION IN PRICE AT WINNIPEG—ACTION OF UNITED STATES GOVERNMENT

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Trade and Commerce arising out of a press report in today's *Globe and Mail*. This report indicates that flax prices skidded 15 cents yesterday on the Winnipeg market. Can the minister inform the house whether the Canadian government was informed of the intention of the United States government to place surplus flax stocks on the world market and whether it is expected this action will affect the price of other grains?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the Canadian government was not advised in advance of the action taken by the United States to cut the price of flax on the export market. The United States is not a market for Canadian flax. The entry of our flax is barred by a prohibitive duty, and that has been the situation for a number of years. Consequently it is natural that the United States would not think of Canada in connection with the marketing of flax.

Canadian flax is marketed through the Winnipeg grain exchange and I presume that

it is a reflection of the prices of flax on foreign markets that has affected the Canadian price, even though the principal market for Canadian flax is in Canada.

So far as the export price of flax affecting the price of other grains is concerned I am of the opinion the price of flax will have no relation to the prices of other grains.

Mr. McCullough (Moose Mountain): May I ask a supplementary question. Is not this action a breach of the Geneva trade agreement?

Mr. Howe (Port Arthur): The duty between Canada and the United States is not a bound duty. We would not like to bind that duty at the present level. It is a duty of 50 per cent ad valorem. Therefore there is no GATT agreement regarding flax which could be violated.

EXTERNAL AFFAIRS

GENEVA CONFERENCE—POSITION OF CANADIAN GOVERNMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask a question of the Prime Minister. Will he bring the house up to date in connection with the Geneva conference and, in particular, what Canada's stand is to be, or is, in connection with the five-point program advanced and suggested by the British representative, foreign secretary Eden.

Right Hon. L. S. St. Laurent (Prime Minister): No, I am not in a position to say anything that would be either informative or useful at this time about the present position at Geneva. I understand the present plans of the Secretary of State for External Affairs (Mr. Pearson) are to be back here at the beginning of the week. He returned to Geneva yesterday, and I understand he is planning to come back at the beginning of the week, and will no doubt be in a position to supply the house with all the information that can properly be made public at this time.

DEFENCE PRODUCTION

MINESWEEPERS—REPORTED CONTRACT WITH UNITED STATES FIRM

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to ask a question of the minister in charge of defence production. Has the Department of Defence Production recently let a contract for the construction of laminated pressurized wood keels for six minesweepers to a Bellingham, Washington, shipyard firm? Was there a bid on this construction made by a British Columbia firm and, if so, why was it not awarded the contract?

Some hon. Members: Order paper.

Mr. Speaker: I do not think I could consider this question as one of urgency. I believe the hon. member for New Westminster would be amply satisfied if his question were inscribed on the order paper.

CANADIAN NATIONAL RAILWAYS

PURCHASES OF COLD-PUNCHED NUTS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to ask a question of the Minister of Transport, and would ask that he take it as a notice. Would he inform me whether or not cold-punched nuts purchased for use by the Canadian National Railways are manufactured wholly or in part in Canada, or are imported from foreign countries?

Some hon. Members: Order paper.

Mr. Nesbitt: I realize this question might sound as if it should be on the order paper. But, for a particular reason, which I do not care to discuss at this time, I suggest it has urgency.

Hon. Lionel Chevrier (Minister of Transport): It is not for me to say whether this is a question that would be more suitable for the order paper. However, as the hon. member has said, it is one of which I have received no notice, and I would have to make inquiries. However, I can see no difference between this question and scores of others, such as one the hon. member for Winnipeg North Centre (Mr. Knowles) has asked and which is now on the order paper.

Mr. Knowles: Yes, but my question has been on the order paper for a week.

PRAIRIE FARM REHABILITATION

RECOMMENDATIONS BY WESTERN MINISTERS OF AGRICULTURE

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to ask a question of the Minister of Agriculture. Has the minister's attention been drawn to the recommendations emanating from the recent conference of the ministers of agriculture of the four western provinces to the effect that the Prairie Farm Rehabilitation Act be extended to cover all agricultural areas in those provinces? If so, would the minister care to comment on these recommendations at the present time?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, we have been getting representations of that kind every few months for some years, and there has not been any action taken in the matter up to the present which would extend the area to which the act applies.

TRADE

TURKEYS—IMPORTATIONS FROM UNITED STATES

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to ask a question either of the Minister of Agriculture (Mr. Gardiner) or of the Minister of Finance. Have representations been made by the British Columbia turkey breeders association relative to the marketing of turkeys and the importation of such birds from the United States? If so, will the minister make a statement?

Hon. Douglas Abbott (Minister of Finance): A little while ago I had representations from our own old friend, Senator Tom Reid, that turkeys were being imported in abnormal quantities into British Columbia. The matter is being looked into, but I am not yet in a position to make a statement.

Mr. Knowles: Maybe he is attracting them with his bagpipes.

VETERANS LAND ACT

AMENDMENT TO PROVIDE ASSISTANCE FOR HOME CONSTRUCTION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Veterans' Land Act to provide financial and technical assistance to veterans for home construction and also to provide further financial assistance to veterans presently settled under the act as full-time farmers or who may be so settled in the future and to veterans who may in the future become qualified as part-time farmers or commercial fishermen.

Mr. Brooks: I take it the minister is making a statement?

Mr. Speaker: I would have to tell the hon. member that it is not our practice to have ministers make statements at this stage of procedure. The motion to go into committee on a money resolution is not debatable. *Vide*—ruling by Mr. Speaker Macdonald, *Journals,* March 26, 1953.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

[Mr. Zaplitny.]

Mr. Lapointe: Mr. Chairman, the resolution now before the committee seeks authorization by the house to introduce a bill to amend the Veterans' Land Act by adding to it two new parts to provide veterans with new means of assistance to build their own homes, and to settle on the land for full-time or part-time farming.

The portion of the bill to be known as part II of the Veterans' Land Act is intended further to assist veterans of world war II and the Korean operations to become home owners. It is particularly designed to assist veterans who, because of the nature and location of their employment, cannot be established conveniently on two or three acres of land as part-time farmers under the Veterans' Land Act, and whose income is not sufficient to meet payments on the cost of a home built by a regular contractor under the National Housing Act.

It has been our experience that many such veterans are capable and willing, if given technical guidance and supervision, to put their own labour into building a modern home, and thus bring its cost within their reach. The assistance we propose to provide will consist of training courses planned to give the veterans concerned a general knowledge of housebuilding; supervision and technical guidance during construction; financing on an interest-free basis while the work is in progress; the supply of standard plans and drawings and free legal service up to and including deed and mortgage.

Under this measure there will be no conditional grant as for full-time and part-time farmers, but veterans retain their right to re-establishment credit which, if it has not been used, may form all or part of the down payment required under this proposed legislation.

It is proposed to authorize the director of the Veterans' Land Act to enter into a construction contract with an eligible veteran who, after a course of instruction or another suitable test, is considered to be competent to build his own house, and who has been approved for a loan under the National Housing Act. Before entering into such a contract, the veteran must either pay to the director not less than $800 to be used to purchase a lot, or transfer to the director title to a suitable lot worth at least that amount, or make his down payment partly in land and partly in cash. There will be no restriction as to the size of the lot provided it is suitable for a single family dwelling.

This cash or land requirement will serve, first, as a security deposit during the life of

the building contract and, second, as all or part of the veteran's down payment when the property is reconveyed to him, subject to a mortgage in favour of Central Mortgage and Housing Corporation or an approved lender under the National Housing Act. The cost of construction, up to a maximum of $8,000, will be financed through regular progress payments by the director from a revolving fund of $15 million. Upon completion of the house, the director will convey title to the property to the veteran and register a mortgage in favour of the lender. The proceeds of this mortgage will reimburse the revolving fund.

I know hon. members will recognize in this general outline a very close resemblance to proposals in the brief presented by the Canadian Legion to the government last November. In its brief the Legion drew attention to the success achieved under the Veterans' Land Act build-your-own-home program. Perhaps it would be helpful to refer briefly to this program, which has assisted over 9,000 veterans, most of them with only modest incomes, to achieve the stability and satisfaction of home ownership by applying their own muscle and management.

The build-your-own-home program was introduced in 1949 to overcome the ever-increasing cost of building, so far as to enable veterans to continue to become home owners under the Veterans' Land Act without committing themselves to payments which, considering their incomes, they might not be able to meet. It was realized that additional supervision would be required in connection with these contracts, and, to meet this need with the comparatively small staff of supervisors available, the Veterans' Land Act administration developed the idea of holding evening courses of instruction for prospective veteran builders. This group instruction, carried out during the winter months when construction work was at a minimum, had the effect of spreading the work of the construction supervisors more evenly over the year, and has made it possible for many veterans to undertake the construction of their own houses who, otherwise, would have been unable or have lacked confidence to do so.

As at the end of last December, about 6,650 houses had been completed by veterans acting as their own contractors, and nearly 1,800 more were under construction. Of over 1,700 new house contracts let by the director during the past year, 84 per cent were let to veterans acting as their own contractors.

The saving to the veteran under this program is substantial. Not only does he save the contractor's profit but he generally saves substantially in labour costs by doing much of the unskilled work himself. Workmanship of the houses built to date has been at least as good as that on similar houses built by contractors. While the main credit for this must rightly go to the veterans themselves, I think the success of this program owes a great deal to the construction supervisors who have assumed the dual role of instructors and guardians of a public investment. These men will be performing a similar function under the measure proposed.

In addition to these houses built by veterans settled as part-time farmers under the act, approximately 50 have been built during recent years on city lots under a joint assistance arrangement between Central Mortgage and Housing Corporation and the Veterans' Land Act administration. Under this arrangement, the director conducted training schools and gave supervision and legal services during the construction period, while the financing was done by Central Mortgage and Housing Corporation.

Included in this number are 29 houses built near the Carleton Heights Veterans' Land Act project, just outside Ottawa, by a group of junior civil servants who, for the purpose of building, formed a co-operative association. These veterans paid $750 for serviced lots, which constituted both security deposit and down payment, and constructed four-bedroom houses for $6,200, which was the amount of their mortgages. The normal cost of these units, including the land, was estimated to be $9,950, or $3,000 more than the cost to the veteran, and they are valued at the present time at over $11,000.

This plan, owing to the financial arrangement, proved rather cumbersome. The difficulties then met will, however, be overcome in the proposed legislation by the revolving fund from which the director will be able to make advances to the veteran-contractors as work progresses.

With this background of experience to draw from, we now propose legislation which will assist eligible veterans who are unable to settle as part-time farmers under the act, but who are able and willing to make substantial labour and management contributions to obtain home ownership through their own efforts.

The section of the bill which will be known as part III of the Veterans' Land Act

will make available to full-time and part-time farming veterans and commercial fishermen veterans additional financial assistance in the form of fully repayable loans bearing interest at the rate of 5 per cent. Repayment will be amortized over a period not in excess of the remaining period of a veteran's existing contract with the director.

The purpose of making provision for these loans is twofold. Firstly, they will assist veterans who desire settlement under the Veterans' Land Act to bridge the gap between the maximum financial assistance now available and the cost of acquiring economic farm units or constructing houses. Secondly, they will provide a source of credit to veterans already settled or to be settled as full-time farmers under the Veterans' Land Act for the purchase of additional land, erecting buildings, clearing, fencing, draining or effecting other improvements which will increase the productive value of the land and promote soil conservation.

While a source of credit for such purposes is available to the ordinary farmer under the provisions of the Canadian Farm Loan Act or the provisions of the Farm Improvement Loans Act, the fact that the veteran settled under the Veterans' Land Act does not have title to the land he farms, but is considered as a tenant at will, prevents him from obtaining any assistance available under those two acts, with the exception that he is eligible under the Farm Improvement Loans Act for loans to purchase livestock or farm implements.

The additional loans which this measure will authorize the director to make will amount to a maximum of $3,000 on behalf of full-time farmers either already settled or to be settled; and $1,400 on behalf of part-time farmers and commercial fishermen who may be settled in the future. Assistance under this part is not provided for those veterans already settled as part-time farmers or commercial fishermen, who will be able to obtain financing for extensions to their houses under part IV of the National Housing Act, which will make provision for home improvements and home extension loans when it is proclaimed.

I have indicated, Mr. Chairman, the maximum amount of loan that the director will be authorized to make. To qualify for such a loan the veteran will be required to contribute an amount equal to one-half of the loan. That is, if the cost of purchasing additional loans or effecting improvements totals $4,500, then the veteran will contribute $1,500 to be used in conjunction with the loan to be made by the director amounting to $3,000.

[Mr. Lapointe.]

However, a cash contribution by the veteran may not be required in all instances. If a veteran had an equity in a property at the time he was settled under the Veterans' Land Act, or if, since the date of his settlement, he has increased the value of the property by way of improvements at no cost to the director, then the amount of such equity or increase in value will be considered as all or part of the veteran's cash contribution.

With the additional financial assistance which this measure will provide, it will be possible for a veteran already settled, or seeking settlement as a full-time farmer, to obtain total financial assistance amounting to $9,000, so that the maximum funds available for expenditure on his behalf, including his contribution, will be $10,500.

In so far as the new part-time farmer or commercial fisherman is concerned, the maximum funds available for expenditure on his behalf, including his contribution, would be $8,100.

It is believed that the provisions of this bill, in conjunction with the build-your-own-home program and the assistance and service provided by the administration's well-trained and experienced staff of supervisors, will have the effect of bringing the over-all financial assistance available under the Veterans' Land Act into line with the price structure of today without, at the same time, involving any veteran in commitments he might not be able to meet.

It is proposed, Mr. Chairman, that when this bill receives second reading it will be referred to the special committee dealing with veterans legislation where, of course, there will be ample opportunity for full explanations by the responsible officials of the department.

Mr. Brooks: Mr. Chairman, I followed the minister as best I could during his rather technical and involved statement which was rather difficult to grasp. However, as there will be a bill following this and the matter will be discussed in the veterans affairs committee, we will then have a better opportunity of understanding it and making whatever comments may be necessary.

I might say at the outset, Mr. Chairman, that I am in hearty agreement with the principle, as I understood it, which was outlined by the minister. The only criticism I would make is that it is rather late in coming. I think this is a matter which could have been dealt with some time ago and, as the minister himself pointed out, this principle has been suggested by the opposition on different occasions, and advanced in particular by the Canadian Legion.

There has been great concern during the last five or six years over the serious housing shortage as far as veterans and others are concerned, I think particularly in the case of veterans, because they have been to my mind the greatest sufferers in terms of this housing shortage. The Legion has made a very serious study of this matter since 1948 when they made recommendations to the government on how they felt the housing situation could be improved. They realized, as we all do, that the present housing situation does not meet the need so far as the veterans are concerned, and also that the Veterans' Land Act did not meet the requirements of the Legion.

There has been particular criticism of the fact that under the Veterans' Land Act veterans could not obtain lots and build in towns and cities. I understand from the minister's statement today that this is to be corrected. Many of our veterans build on two and three acre lots and they find that trying to farm, and also carry on other work, is quite impractical. It was more of a rural than an urban scheme and, in order to meet the requirements, this small city lot proposal was introduced which I think will meet the demand.

This criticism, of course, was advanced by veterans who were commuters and therefore did not have time to carry on extensive gardening or farming on their three-acre lot, and many found in addition that the high cost of machinery prevented them from carrying out the work they had intended. They now find that many of these lots are heavily under weeds and that the situation is not at all satisfactory.

The resolution before us suggests that there will be financial and technical assistance, and the minister has mentioned the fact that this assistance will be in the form of a revolving fund which will not place a heavy burden on the taxpayers of this country, since it will be in the form of a loan to veterans which they will be able to pay back under the provisions outlined by the minister. I believe this is a very sound idea, and we can take from what the minister said this afternoon that it is the intention of the government to implement the suggestion in the Legion's brief of November 1953 which called for a substantial extension of the Veterans' Land Act.

The build-your-own-home idea, about which we have heard a great deal from veterans in the past, received the blessing of the then minister of veterans affairs, the present Minister of Labour, in 1948, and it has proved very successful. It is based on the idea of self-help as well as mutual assistance. I did not understand the minister to say whether a veteran building on his own could receive assistance from his fellow veterans, and I do not know whether that is the intention of the government. Perhaps he could tell us now. Is that the intention?

Mr. Lapointe: Yes.

Mr. Brooks: As I say, it is a matter of mutual help as well as self-help. The idea of providing schools of instruction and providing that the veteran himself can attend school and learn something about construction and building, where other veterans also attend those schools and where one veteran will help another, is a good one. It certainly means that by their united efforts they will be able to build their houses much more cheaply than otherwise.

It is a fact also that the veteran will not require to have as much income. When the National Housing Act was under discussion in the house some time ago I think it was stated that a home builder must have an income of at least $3,800 in order to construct his home under the National Housing Act. This afternoon the minister told us that a much smaller salary will be all that is necessary for a veteran to have in order to take advantage of this new bill that is proposed.

The minister also told us that some 6,500 houses had already been built under the build-your-own-home scheme, and that of that number some 800 I think were under construction this year. I understand that in the building of these homes, which cost in the vicinity of $6,000, by this self-help and mutual help the veteran has been able to save anywhere from $2,000 to $4,000 per house. That is indeed a great saving and it is of great benefit to the veteran. The minister has also pointed out that under the present Veterans' Land Act scheme—which I think is operating under order in council—for these build-your-own-homes, schools have been set up and a pattern has already been established which will be of great benefit when this act comes into force.

The Legion makes a number of recommendations which I understand from the minister are being incorporated in the act. As a matter of fact, I think we can thank the Legion as well as the government for this proposed act. From what the minister told us this afternoon I am satisfied that this idea originated back in 1948 under Colonel Price, who was then president of the Canadian Legion. It was recommended by the Legion

at that time. As I said at the outset, the only regret that we all have is that the idea was not implemented and carried out long ago.

I should just like to put on the record, if I may, Mr. Chairman, the recommendations of the Canadian Legion in their brief presented to the Prime Minister and his cabinet on November 10, 1953. To me the brief indicates what a thorough study has been made of this matter by the Canadian Legion; and what influence this study and these recommendations have had upon the government is indicated by the minister's speech this afternoon. In the brief presented on November 10, 1953, the Legion made these recommendations:

> We recommend that the facilities of the V.L.A. administration be made available to carry out a "Build Your Own Home" program for veterans on city size lots on the following terms:
>
> (1) A veteran to be eligible must have service which would qualify him for settlement under V.L.A.
>
> (2) The veteran must have title to a suitable lot supplied with water, or sufficient funds to purchase such a lot; the lot to be turned over to the director as security for original advances and should the appraised value of the lot be less than $800, the veteran to deposit the difference with the director.
>
> (3) A veteran, to qualify, must have a good employment record over a period of at least 4 years, must have taken a course in house construction using the V.L.A. syllabus and standards, and be approved as qualified to take a contract to build his home.
>
> (4) The veteran must be able to furnish a bond of indemnification to the director, payable in case of loss or misuse of material supplied and paid for by the director on delivery and before it is incorporated in the house.
>
> (5) The veteran's plan must be approved as being practical and giving good value, and the veteran must agree to build in accordance with V.L.A. standards and to accept supervision to assure the following of these standards.
>
> (6) The veteran to be given a contract to build at a price not to exceed 80 per cent of the value of the lot and completed house.
>
> (7) The director to undertake to advance money when work is completed by subcontractor or material is supplied to site, up to a total of, but not exceeding 75 per cent, of the appraised value of the structure as it stands, and the material on the site at the time such payment is made.
>
> (8) Payments to be authorized by the V.L.A. construction supervisor on bills approved by the veteran-contractor direct to subcontractor or supplier of material.
>
> (9) The lot and completed house to be sold to the veteran at the contract price, the director taking back a mortgage on terms and at interest rate acceptable to C.M.H.C. who may purchase the mortgage, making necessary the appropriation by parliament to V.L.A. of only a circulating fund for the purpose of financing veterans' homes during the period of construction.

As we listened to the minister this afternoon we realized how closely the government is following the recommendations of the Legion in this respect. I think they are to be commended for that procedure. When this act is amended and when these ideas come into force and are acted upon, I am satisfied that it will be of great benefit to the veteran and will assist very greatly in the building of veterans homes.

As I said at the outset, Mr. Chairman, this is a rather complicated matter and one which it is difficult to understand just by hearing a statement from the minister. We shall have ample time to study it when the bill comes down. We shall have further time to study it when the bill is before the veterans affairs committee. We can discuss it later on with more knowledge of it.

Mr. Gillis: Mr. Chairman, last evening the minister, as I understand it, approached members of the veterans affairs committee, suggested that the committee was meeting this afternoon at 3.30, and requested us to facilitate the passage of this legislation so that it might get into the committee at that hour which will arrive in about ten minutes' time. We agreed to that procedure. I intend to live up to my agreement.

I want to say this for a start. The idea of self-help in the building of homes or anything else did not have its origin in 1948. It had its origin with the Rochdale pioneers in Britain a long time ago. Since 1930 we in the province of Nova Scotia have had a co-operative housing act, with a revolving fund. It is applicable to all citizens of that province who can meet the requirements of the act. It is therefore not a new idea. It is a good idea and it is the only method whereby the average citizen with the average income in Canada is going to be able to secure a home for himself and to own it some time without mortgaging the two generations that will come after him.

I welcome this legislation. I am not going to attempt to summarize or to analyse it. I will look it over in committee. When the legislation comes back to the house after the committee has determined the merits and demerits of it, the members of this group will express their opinions at the subsequent stages of the bill.

Mr. Quelch: Mr. Chairman, I am also going to be very brief because we did agree we would cut our speeches down to a few words in order to make it possible to send the measure to the committee this afternoon. We in this group are glad that this legislation has been introduced because we believe that it will help veterans to build their own homes and will also help those veterans who are already settled and are having difficulty in financing. It is often difficult for a veteran to get a loan from a bank on account of the fact that all his property is tied up under the Veterans' Land Act.

But there is also another reason why I am glad that these amendments to the Veterans' Land Act are being brought down. It will give the veterans affairs committee a chance to review the operation of the Veterans' Land Act since its inception. I think that is important because most of us will remember that the old Soldier Settlement Act failed to re-establish many veterans. I think that much of the blame for that failure arose from the fact that the government of the day did not keep sufficiently close contact with what was happening and thus did not see that steps could have been taken at the time that would have made it possible for many of the veterans who failed to have achieved success.

It is true that changes were made from time to time but invariably they were too little and too late. If we make a close check at this time of the operations of the Veterans' Land Act and find that certain things of an undesirable character are happening, of a character that may result in veterans failing to be re-established, then I take it we will have a chance to make recommendations that official steps be taken. All I will say at this time is that we feel both the proposed amendments will be beneficial, and we will have more to say on the matter when the bill is brought down.

Mr. Fraser (Peterborough): I should like to ask the minister one question with respect to the set-up outlined in the resolution and the explanation that the minister has given. He said that the lot would only have to be large enough for a single-family home. Has the minister given any consideration to veterans who bought their property previously, whose property has now been brought within the limits of a city and who are now finding that the taxes are extremely heavy and are not allowed to sell any of the property. Will such veterans now be allowed to sell any of their property?

Mr. Lapointe: The problem that the hon. member for Peterborough mentions is not one coming within the scope of the amendments to the Veterans' Land Act that will be introduced. He has referred to the acreage restriction provided by the regulations passed under the authority of part I of the act. As I mentioned in my statement, these amendments introduce two new parts to the act and do not deal with this particular problem. However, consideration is being given to the problem at the present time.

Mr. Fraser (Peterborough): The minister has said on many occasions that consideration is being given, but would this not be an excellent time to bring in an amendment so that it could be done?

Mr. Lapointe: As I have just said, the acreage restriction is one that is imposed by regulation and it does not call for amendment of the act. The act does not specify in any of its sections the acreage necessary. That is done under regulations authorized by the act.

Mr. Fraser (Peterborough): Can they not be changed?

Mr. Lapointe: Yes, they can, but I am saying that the matter is being given consideration.

Mr. Fraser (Peterborough): O.K. Make it soon.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 459, to amend the Veterans' Land Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall this bill be read the second time? Now?

Mr. Knowles: By leave.

Mr. Lapointe moved the second reading of Bill No. 459, to amend the Veterans' Land Act.

Motion agreed to and bill read the second time.

Mr. Lapointe: Mr. Speaker, I move that the bill be referred to the special committee on veterans affairs.

Mr. Deputy Speaker: Mr. Lapointe moves, seconded by Mr. Pickersgill, that this bill, entitled an act to amend the Veterans' Land Act, be referred to the standing committee on veterans affairs. Is it the pleasure of the house to adopt the motion?

Mr. Pearkes: On a point of order, is this bill being referred to a standing committee on veterans affairs?

Mr. Deputy Speaker: Perhaps I should have said "select" or "special" committee.

Mr. Pearkes: Well, I was hopeful.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

ST. FELICIEN AND HILLSPORT LINES—PROVISION FOR FINANCING

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 442, an act respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville,

all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge lake, both in the province of Ontario.

He said: Mr. Speaker, the object of this bill is to construct two lines of railway, one in the province of Ontario from Hillsport, which is on the main line of the Canadian National Railways, to lake Manitouwadge, a distance of twenty-seven miles, at a cost of $3,750,000. The Ontario line will have an average cost per mile of $138,888. Statistics which have been furnished to the government by the Canadian National Railways indicate that this will be a profitable operation. In fact the statistics, which I take it will be established in the committee, prove that the potential traffic in the lake Manitouwadge area is as follows: inbound traffic, 60,000 tons per year, outbound traffic, 665,000 tons per year.

The earning power therefore of this line will be about $1,900,000 from the inbound traffic and about $4,100,000 from the outbound traffic, a total of $6 million. It follows from this that with a potential earning of $6 million per year the balance sheet of the Canadian National Railways will be bettered to that extent. There is included in the statistics which have been furnished by the Canadian National Railways a minimum traffic figure and that minimum is 700 tons of ore per day. Even with that volume, the position of this line has been established as a profitable one.

The other line from St. Felicien to Beattyville is 294 miles in length and will cost $35 million, that is, from Beattyville to Cache lake, $17 million; and $17 million for the easterly portion of the line, that is from Cache lake to St. Felicien; and $1 million from the junction of the two lines at Cache lake to Chibougamau itself. The cost per mile of the east end of the line, that is from St. Felicien to Chibougamau, is $122,308, while the cost per mile of the westerly end, that is from Chibougamau to Beattyville, is $114,093.

In 1953 the Canadian National Railways made a preliminary survey of this whole area and found, as they knew before from aerial photographs, that the whole area is heavily timbered. The forest resources of that section between Beattyville and Chibougamau are estimated at 30 million cords of pulpwood per year. The area from St. Felicien to Chibougamau is also heavily timbered, and there the estimate is 15·7 million cords of pulpwood per year. There is, therefore, almost twice as much timber and pulpwood on the westerly section of line as on the easterly section.

[Mr. Chevrier.]

There is another point which is of importance in that regard, and it is this. On the westerly end of the line the rivers flow into Hudson bay, and therefore in the development of this area the railway line will be used to move timber from the Chibougamau into other parts of the province of Quebec. This condition does not exist in the eastern section. In the eastern section the rivers flow into Lake St. John, and therefore this pulpwood and timber will normally flow down the rivers rather than use the railways. It has been possible, for that reason, for the Canadian National Railways to obtain guarantees from certain timber companies on the western end of the line which they could not obtain on the eastern end.

In the area between Beattyville and Chibougamau there is considerable mining development, and it has been staked out by a number of companies. As it is now, the Dome Mines Company has staked a number of claims. The Opemiska and the Campbell Chibougamau Mines Limited are among those companies that have staked out claims, and both have excellent promise of development. The bulk of the prospective traffic would consist of mining concentrates moving to the Noranda smelter. As it is now the Canadian National holds guarantees from Opemiska Copper Mines Limited and Campbell Chibougamau Mines Limited, under which the two companies guarantee the shipment of a daily average of 325 tons of ore concentrates over the line from Chibougamau to Beattyville in a period of six years. It is not possible to obtain similar guarantees on the eastern end of the line.

Mr. Rowe: I do not want to interrupt the minister, but earlier in his remarks he referred to 30 million cords of pulpwood a year. I think he must have been in error. Did he mean 30 million cords altogether in one year?

Mr. Chevrier: No, I said 30 million cords annually from the west end of the line and 15·7 million cords annually from the east end of the line.

Mr. Rowe: Just to keep the record straight, is the minister sure of those figures? I feel there must be a mistake.

Mr. Chevrier: I thank the hon. member for the correction. I have the figures here, and I think perhaps I was in error. The forest resources in the west between Beattyville and Chibougamau total 30,200,000 cords of pulpwood, capable of an annual sustained yield of 671,000 cords. On the other line the forest resources indicate an estimate of 15·7

million cords of pulpwood and lumber capable of a sustained annual yield of 366,000 cords.

Mr. Rowe: That is based on a 50-year cycle?

Mr. Chevrier: Yes; so I am grateful to my hon. friend for having corrected me on that point.

I was dealing with the guarantees, and I had said that guarantees had been given by the two copper mines that I mentioned. There was also a guarantee from the Howard Smith company, in which they undertake to move 30,000 cords of pulpwood per year for a period of six years. I was going on to say that it was because of these guarantees the Canadian National Railways came to the decision that they should build from the west end, namely from Beattyville to Chibougamau first. However, as I pointed out earlier, the Lake St. John area has a great future from the point of view of economic development. There is no doubt that, because of the tremendous amount of water power that is available in that area, and because of the proximity of an important seaport, it will be possible to continue the line in that area which will open up new territory.

The directors of the Canadian National Railways, after having carefully considered, over a period of time, the economics of the whole line have come to the conclusion that the line should be built as a whole in the general interests of Canada, and we in the government conceive it as one line. We are asking for authority to construct it as a whole. We will start from the west end. There is sufficient assurance of traffic from the west end. Construction from this end can be commenced without a subsidy or special arrangement, and without awaiting further development. With regard to the eastern portion it will be necessary to see what assurances of economic developments exist, and it will be necessary also to ascertain whether or not some sort of subsidy arrangement such as was made in the case of the P.G.E. and the Ontario Northland, in contemplation of northern development, should be made.

However, both the railway and the government feel there is sufficient assurance of future development to ask parliament now to authorize this line, but there is not sufficient assurance on which to base any definite arrangement to finance the whole of the line at this time. It was for that reason I made the statement at the resolution stage of the bill that we would proceed in the manner in which we are. It does not follow from that decision that it will not be possible to begin construction at the eastern end soon, but thus far there has been no tangible evidence of any guarantee of traffic from the eastern end of the line. Until there is I do not think this house would want the government to proceed with a venture in which the Canadian National Railways might involve itself in a serious financial position. I think we are safe in proceeding in the way in which we are. We are taking no chances. There are guarantees on the western portion of the line, in the same manner as there were guarantees on the Barraute-Kiask Falls line. There is no difference at all in the method of procedure here by the Canadian National Railways, and what was done in respect of the earlier line.

Mr. Macdonnell: Would the minister permit a question? Could the minister tell us what happened in connection with the Barraute guarantee? I would be interested in the figures, in a general way, if he has them.

Mr. Chevrier: Yes. I think I can safely say this, that the Barraute to Kiask Falls line has worked out far better than had been expected. The house will recall that when the line was built I made certain statements of the estimated profits that would accrue to the Canadian National Railways if that line were built, and I also gave the house the assurance that the Canadian National Railways had obtained guarantees from Canada Pulp and Paper or Howard Smith Paper Mills, Limited, I am not sure which. Those guarantees were given for a period of five or six years. The guarantees have been exceeded; and the position of the Canadian National Railways as a result of the construction of that line has been bettered.

As a matter of fact I have the record here on that point, and perhaps I should give it to the house. At the time the construction of the Barraute-Kiask Falls line was authorized the Canadian National Railways estimated the operating result for the first six years would be as follows: Total gross revenue of the C.N.R., $3,007,000; total expenses, $2,316,000; net system revenue, $691,000 before interest and $97,000 net profit.

The pulpwood traffic guarantee for those years obtained from Canada Pulp and Paper was a minimum guarantee for the first year of 40,000 cords, and a minimum guarantee for the succeeding five years of 45,000 cords, with a total guarantee for the period of six years of 330,000 cords.

Here is what happened: For the first year—that is 1949—the shipments ran to 40,114 cords; in 1950, it was 58,474; in 1951 it was 129,536; in 1952 it was 97,744 and in 1953

it was 123,232, for a five-year period total of 449,100 cords. This means that in the first five years of operation pulpwood shipments exceeded the guarantee for the first six years by 119,100 cords. So that the estimate of the Canadian National Railways in that case has proved to be pretty sound.

When the hon. member interrupted I believe I was about to make the point that the Canadian National Railways have given careful consideration to the economics of the situation. They believe that the economics prove that this line should be built. They would like to begin at the west end, and they believe that by the time they get to Chibougamau they will have obtained traffic guarantees. If they have not succeeded in so doing, I hope that industrial development in that area will be such that they can continue completion of the line.

As I said earlier, at the resolution stage, it is my intention when this bill has received second reading to refer it to the committee on railways, canals and telegraph lines for consideration.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, there are two features about this bill which I would like to place before the house, in the hope that the minister will give a little further explanation when he closes the debate.

The first point is this, that the resolution we passed on May 11 was one to authorize expenditure of $38,750,000. However, in the bill introduced after that resolution was passed we find that this amount has been increased to $44,562,500. There may be some explanation for this difference, but I do not know what it is.

Mr. Chevrier: Where does it appear that $44 million is asked for?

Mr. Green: In section 4 of the bill. And as I have been asked the question, Mr. Speaker, perhaps I might be permitted to read that section. It says:

> Subject to the provisions of this act and the approval of the governor in council, the company may, in respect of the cost of the construction and completion of the railway lines, or to provide amounts required for the repayment of loans made under section 5, issue notes, obligations, bonds, debentures or other securities (in this act called "securities"), not exceeding in the aggregate, exclusive of any securities issued to secure loans made under section 5, the sum necessary to provide the company with the net amount of forty-four million five hundred and sixty-two thousand five hundred dollars, bearing such rates of interest and subject to such other terms and conditions as the governor in council may approve.

I believe that under the rules of the house the amount contained in the bill should be the amount authorized by the resolution. I draw this to the minister's attention for an explanation. In the figures he gave us today respecting the cost of this line he repeated the amounts contained in the schedule which, of course, add up to $38,750,000. So there is no explanation in the schedule as to how the larger amount is reached.

Then the second point on which I should like to have further explanation is the statement that one part of the line is going to be built first, and then the other part is to be built later, or that it may be built later. Usually when these bills are brought in making provision for the construction of a railway line they authorize such construction from one point to another, and set out a time within which the line is to be built.

I have before me the bill which authorized the extension from Terrace to Kitimat, in British Columbia, as it is set out in chapter 20 of the statutes of 1952. The procedure I have outlined is, I suggest, the normal one—to provide for the building of a line from point A to point B within a certain period of time.

In the bill we are asked to pass today I find a change in this procedure. According to this bill the line may be built in whole or in part at the discretion of the governor in council, and it need not be built until 1964. Well, that is ten years from now. I would point out that in the Terrace-Kitimat bill the line was to be built before November 1, 1954. I think there was a similar provision in the Lynn Lake bill—that is, that the line was to be built right away.

In the bill before us however we find that for some reason or other there is a provision permitting a delay of ten years. The minister has said the company will begin to build the railway from the west end, that is from Beattyville to Chibougamau, and that they have guarantees of a certain amount of freight for that portion of the line. But when it comes to the line from Chibougamau to St. Felicien he is not so clear. He says it will be necessary to see what assurance of economic development exists in the Lake St. John area, to be traversed by this eastern portion of the line. I think he said something to the effect that there was not sufficient assurance to finance the whole of the line at this time. Also he used words to this effect, that there is no tangible evidence of any guarantee of traffic.

He was very indefinite about the building of this other half of the line. I raised this question when the resolution was under debate because it seemed strange to me that the minister would come into the house and ask authority to build a line and not be prepared to build from both ends at once. Instead of that he is planning obviously to

build one, and then he can see whether or not the other is to be built, and yet he has authority to go ahead if it is decided at that time to go ahead.

Mr. Chevrier: May I ask a question? Is my hon. friend arguing that we should begin from each end at the same time?

Mr. Green: Well, Mr. Speaker, that would be the normal procedure in a case like this where you are connecting up two points already on a railway.

Mr. Chevrier: Can my hon. friend point to any other lines that were built in Canada within the last ten years that have been started at each end at the same time?

Mr. Green: Most of the lines that we have built started at a point on a railway and went out into a territory where there was not a railway. That is not so here. Here this line is to be built from one station to another station. Take the Terrace and Kitimat line. That was a case of extending a line from Terrace on the C.N.R. down to Kitimat on the sea coast where there is no railway at the present time.

Mr. Chevrier: What about the Rouyn-Senneterre line?

Mr. Green: The Lynn Lake line was the same. That was a case of starting a line at a station known as Sherridon and building it up to Lynn Lake. We had the case of a Canadian Pacific branch line down in the county of Peterborough. There a new branch line is to start at a station on an existing line and be built out into territory where there is no railway. In this particular case it is of importance that the minister make it clear why he is picking out one end of the line to be built and deferring construction of the other. The only assurance that the western end of the line is receiving attention is contained on page 4600 of *Hansard* where the minister said:

It is expected—

There is nothing definite about it. I continue:

It is expected that by the time the proposed line is completed from the western end into Chibougamau, if not before, projects for new industrial development in the Lake St. John-Saguenay area which are now being considered by prospective investors will have reached a stage which will justify the construction of this line—

Apparently he is expecting somebody to build up industries in the Lake St. John-Saguenay area and then perhaps the railway will build to those industries. The minister continued:

—and a decision can then be reached about any subsidy required and warranted in respect of the line. In the meantime, the Canadian National Railways will proceed to assist and encourage further developments in the Lake St. John-Saguenay region as a means for building up potential traffic for this new line.

To me, as someone coming from a long distance away from where this line is to be built, it would seem that the best way to build up industries in there would be to build this line now and not wait for ten years to build it. It is asking quite a lot to expect others to build up industries when they are not getting a line. I cannot quite see the minister's reasoning in that regard.

I believe that the Lake St. John and Chicoutimi and Saguenay area is being seriously prejudiced by this policy of the government. At the present time the Chibougamau area is tributary to Lake St. John and Quebec city. There is a highway in from Lake St. John to Chibougamau built by the provincial government at an expense of $4 million, I believe, and the Chibougamau area has been opened up by that highway.

If the minister's plan is followed, the railway will come from the west end and tie up the Chibougamau area with the Rouyn and Noranda area. I believe that the Ontario Northland Railway runs into Noranda so that there will be a tie-up right there to the city of Toronto. The result may very well be that the Chibougamau area, which is a great many miles inside the border of Quebec, will eventually become a tributary of the city of Toronto. That might happen in any event if the whole connecting line were built, but the fact of postponing the part of the line which is to run from Chibougamau down to St. Felicien certainly can have no other effect than a tendency to put the traffic and the trade and the interests into the Noranda and Rouyn area and also into the city of Toronto.

Mr. Dumas: Will the hon. member permit a question? Will he tell me whether Rouyn and Noranda are in the southwestern part of Quebec or in the province of Ontario?

Mr. Green: If my geography is correct, I think Noranda is in Quebec, but I point out to the minister and I point out to the hon. member who represents Noranda—he should know whether Noranda is in Ontario or in Quebec, incidentally—that the Ontario provincial government railway runs right into Noranda, if I am correctly informed, and I am sure the tendency would be to make the Chibougamau area tributary to Toronto.

Mr. Chevrier: That argument is wholly fallacious.

Mr. Green: The argument may be wholly fallacious. I am merely bringing the point forward for explanation by the minister.

Mr. Chevrier: I hope to be able to explain it.

Mr. Green: Because I know that if a similar situation existed in British Columbia, where there was a centre in my own province which was going to be drawn away, as far as business was concerned, into Alberta by reason of the construction of a government railway, I would be very much upset about it and so would every hon. member from British Columbia.

Mr. Pickersgill: Would the hon. member permit a question?

Mr. Green: I will just get on with my speech. The minister can make his own, and can tell us about Newfoundland. Then there is this feature. The Chibougamau area, if it has an outlet by Lake St. John and Chicoutimi, is fairly close to shipping. The harbour of Chicoutimi is a national harbour, and it would seem is the natural outlet for that area. It would seem that is where there should be smelters or some construction of that kind. Also in Quebec city we have one of the great ports of Canada, and it has a rail connection with the Lake St. John area. One would think that there would have been a tie-up put through so that Quebec city could be connected by rail with the Chibougamau area. Instead of that, for a period of some time, perhaps for ten years, we are going to have the position that if anybody wants to go by rail from Quebec city to Chibougamau he will have to go all the way down through Ontario and around to get into Chibougamau through Noranda.

There is a great power potential in the Lake St. John-Saguenay area; it is a great industrial area, and one would think that would have been an inducement to have this railway line built right through from Lake St. John to the Noranda area rather than doing just one part of the job now and leaving the other for an indefinite period.

The minister said in the debate on the resolution stage, and he said again today, that this line was in the interests of Canada. If it is in Canada's interest let us build it as a whole and not leave half to be built at a later date. The government has come and asked the house for authority to build the line. I suggest they get busy and go right through with the construction.

(Translation):

Mr. Andre Gauthier (Lake St. John): Mr. Speaker, I shall be very short in my remarks this afternoon since it is the third time in two weeks that I have the opportunity of dealing with the important question of the construction of a railroad from St. Felicien to Chibougamau. I simply wish to put forward one or two remarks and in particular to ask the Minister of Transport one question.

On May 11, when presenting the resolution, the minister said:

> It is expected that by the time the proposed line is completed from the western end into Chibougamau, if not before, projects for new industrial development in the Lake St. John-Saguenay area which are now being considered by prospective investors will have reached a stage which will justify the construction of this line and a decision can then be reached about any subsidy required and warranted in respect of the line. In the meantime, the Canadian National Railways will proceed to assist and encourage further developments in the Lake St. John-Saguenay region as a means for building up potential traffic for this new line.

Mr. Speaker, the public bodies and the people of the Lake St. John-Saguenay district are satisfied that potential traffic in the immediate future is more than sufficient to convince the authorities of the Canadian National that the eastern and western sections of the line should be built at the same time. On their behalf I beg the government to undertake immediately the building of the St. Felicien-Chibougamau section.

The main factor that was taken into consideration by the authorities of the Canadian National Railways in deciding to build the eastern section was the guarantee of an average traffic of some 325 tons of ore per day, and the promise by the Howard Smith Paper company to ship some 30,000 cords of pulpwood or approximately 175,000 tons per year.

I would like to put the following question to the Minister of Transport:

If the people of Lake St. John district guarantee the authorities of the Canadian National Railways a yearly traffic of 175,000 tons, that is the same quantity guaranteed by the Abitibi district, will the minister give me the assurance that he will immediately authorize the Canadian National to undertake the building of the eastern section, between St. Felicien and Chibougamau?

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, the bill now before us will have far-reaching consequences for the whole Saguenay kingdom, and most particularly for the constituency which I have the honour of representing in this house, provided that a clause be inserted stipulating that the two sections of the trunk line shall be undertaken and completed at the same time.

If the Chibougamau-Beattyville section is built, while the Chibougamau-St. Felicien section is deferred, we will have a trunk line

which was started the wrong way and which will benefit the Toronto financiers before the people of Quebec.

Some say that the name Chibougamau comes from an Indian word meaning "land of hope" or "promised land". To the prospectors, mining engineers and settlers who have visited this vast district, Chibougamau is undoubtedly a very promising land, because of the immense wealth of its subsoil. That part of the province will eventually become highly developed and there is no doubt that, one day, it will become one of the great mining districts of this country, taking its place alongside such districts as those of Porcupine, Kirkland Lake, Sudbury, Flin Flon, Noranda and Trail, even promising to surpass some of these.

It is also a new paradise for hunters and fishermen. There are wonderful lakes there, and rivers overflowing with fine trout. These lakes, some of which are quite large, are surrounded by remarkable mountains and valleys with the finest forest cover. It is an attractive district of one thousand square miles, approximately, which pleases and enthralls at first sight.

Its underground wealth was probably first recognized, back in 1906, by one Joseph Obalski, an outstanding mining engineer and geologist attached to the Quebec department of mines, who travelled throughout it and studied it at that time. It was also surveyed by Peter McKenzie, a very experienced prospector, as well as by John E. Hardman, first president of the Canadian Mining Institute.

As long as there was no easy access to that district, its exploration remained extremely costly and its development practically impossible. To reach Chibougamau one had to travel 200 miles by canoe, with about fifty portages, in summer, and a long drive by dog-sled in the cold season. In spite of this, Peter McKenzie and his son kept on with their work of exploration in that area for quite a long time.

A few years ago the building of a carriage road into that distant territory was begun, but construction was interrupted at the beginning of the last world war. Thanks to the Hon. Antonio Talbot, minister of highways of the province of Quebec, and to the Union Nationale government, work on this road was resumed in 1945, and it is possible today to drive comfortably to the very heart of that rich mining district. One of the many advantages of that road, apart from encouraging the establishment of rural parishes and opening up of new territories, is that anyone going in for mining may transport the heavy material needed for that purpose.

That region, as well as the whole Abitibi district with Chicoutimi and the Saguenay river as its natural outlet, is, as the hon. Minister of Transport just said, one of the gems of the kingdom of the Saguenay.

(Text):

Speaking in Arvida on August 19, 1952, the Prime Minister (Mr. St. Laurent) said:

> The kingdom of the Saguenay and the province of Alberta are the two regions of Canada which are the most promising and assured of an extraordinary industrial development.

By plane, the Saguenay district is 50 minutes from Quebec city, two hours and 15 minutes from Montreal and four hours from New York. By car, it is three hours from Quebec city on a first-class three-lane hard surface highway. By train, the district is an overnight trip from Montreal or Quebec. The district is served by Canadian National Railways. By boat the district is in touch with the entire world. The navigation season is from April 1 to December 1. The district has two modern harbours, Chicoutimi and Port Alfred located some 15 miles east of Chicoutimi on Ha! Ha! bay.

The harbour of Chicoutimi is situated on the Saguenay river about 75 miles from its mouth. The Saguenay flows into the St. Lawrence river at a point 120 miles below Quebec. The facilities operated by the national harbours board include 2,500 linear feet of wharf accommodating ships of 26 feet draft and about 8,500 feet of standard gauge railway tracks connecting with the Canadian National Railways. In terms of tonnage handled, Port Alfred is the third largest ocean port in Canada, next to Montreal and Vancouver. It is 2,795 miles from Liverpool, England, and 810 miles from Halifax, Nova Scotia.

(Translation):

Until now the natural resources of the Abitibi region have, in the main, contributed to the wealth of citizens from other provinces. That new branch line must not help in an even greater measure to drain those vast resources which belong first of all to the citizens of the province of Quebec.

It is therefore necessary to build section A at the same time as section B, if not before.

One must first turn to the nearest seaport, that is to Chicoutimi.

The Chibougamau region is geographically related to Chicoutimi and to ignore it would be to work against the natural characteristics of the district and against present—and especially future—economic conditions.

The water power which it will be possible to harness on various rivers—the Ashuapmuchuan, Mistassini, Peribonka, and Saguenay rivers for instance—represents millions of horsepower which will be added to the existing capacity, and that fact is a powerful and fundamental argument in favour of the immediate construction of the St. Felicien branch line. The people of the Saguenay district have been clamouring for that railroad for the past forty years.

If the government truly wishes to provide our district and our province with a means of transportation that will ensure the development of that territory, it should take the whole problem into consideration right now and bring about a solution that will not only take care of present conditions but also of the future expansion and of the permanent interests of Chibougamau.

The authorities of the Canadian National should envision more than the matter of immediate profits. Since water shipping is less costly, it is usually preferred when available.

The distance between Chibougamau and Chicoutimi by rail is 220 miles, of which 139 miles remain to be built. The distance between Chibougamau-Barraute and Mont Laurier-Montreal is 515 miles of which 350 remain to be built, while the line between Chibougamau-Barraute-Noranda-North Bay and Toronto is 750 miles, of which only 165 miles remain to to be built.

The distance between Chibougamau and the port of Chicoutimi is 220 miles less than to the nearest seaport. And even in winter, the distance between Chibougamau and Montreal and Quebec being shorter by way of Chicoutimi, transportation costs to or from Chibougamau would again be greatly reduced. The importance of such a position from a commercial point of view is evident.

Chicoutimi is one of the national harbours which have been entrusted to a federal agency.

It would be of advantage to make use of its facilities, provided they are improved, to ship ore from the north of the province and handle incoming traffic.

This port, which is showing today a deficit, would probably become a paying undertaking of national importance.

The workmen of my constituency, who are second to none in Canada, would also benefit from it, and an element of stability would be added to the prosperity now enjoyed by 100,000 good Canadians. This part of the problem deserves attention. I believe that seasonal unemployment such as is experienced yearly in our cities and towns would eventually disappear, or at least would seriously diminish, were new industries born of the economic development of Chibougamau to be set up next to those already in existence.

Our region ranks first when it comes to the pulp and paper industry which provides employment for 5,000 workers, producing more than 2,200 tons of paper daily and paying out annual wages in excess of $10 million. It also ranks first with regard to production of power, and also as far as aluminum production is concerned, that industry providing work for 6,500 people whose annual income is over $11 million. It also ranks first with regard to lumbering, an industry which provides the inhabitants of the Saguenay district each year with over $11 million in wages.

It ranks first in Canada for rural trade, both wholesale and retail. Furthermore, it has the highest birth rate in North America; its population, in 1851, was 6,000 while its present population is 175,000, hence a natural increase of 34·4 per 1,000 inhabitants.

In his speech of May 11 last, the Minister of Transport (Mr. Chevrier) stated that the government was not convinced of the necessity to provide subsidies for that line, but he admitted, on the other hand, that subsidies had been granted in 1949 for the extension of the Pacific Great Eastern Railway line from Quesnel to Prince George. On that occasion, that is on November 25, 1949, as shown on page 2243 of *Hansard,* volume III, second session, the minister stated:

> The bill is a simple one. There is a precedent, not recent but many years ago, and in granting a subsidy to the P.G.E., the bill takes the form of other acts by which subsidies have been granted.

That simple bill provided for a subsidy of $15,000 per mile, on a distance of 83 miles, with an approximate cost of $8,000,000, or an average of $96,700 per mile. The total subsidy amounted to $1,240,500.

The minister added, and I quote from page 1448, volume II of *Hansard* for the second session of 1949:

> There is a precedent for this practice. In 1913, the government proceeded in the same manner for the Ontario Northland Railway, and paid a subsidy of $6,400 per mile.
>
> The construction of the extension will provide traffic for the railway and assist in developing the natural resources in the area consisting of large tracts of timber suitable for lumber, newsprint, pulpwood and plywood, mining possibilities, sec-

tions of agricultural and grazing lands, hydroelectric power potentialities, and sport and recreational attractions.

Mr. Speaker, we find all those resources and potentialities in the district lying between St. Felicien and Chibougamau. If it was deemed advisable to grant a subsidy to British Columbia for the development of those resources, why would the same practice not apply to Quebec? If a smelter and a refinery were not necessary in British Columbia to warrant a grant, why should they be indispensable in the province of Quebec? Why not follow the precedents in the present case and give to the bill before us "the same form as other bills of that kind", as the minister said?

What are the reasons, the motive compelling this government to discriminate as between one district and another? I, for one, cannot see any serious reason.

I know for sure that the Minister of Transport is well disposed towards us and that he is trying to treat everybody with fairness. I am also aware that the right hon. Prime Minister (Mr. St. Laurent), as member for Quebec East and head of the state, has a twofold interest in that project. They alone have the power to order the authorities of the Canadian National Railways to accede to the desire and wishes of the people of the whole province of Quebec and, in particular, of the kingdom of the Saguenay. I would therefore ask them to use their influence and to take this matter up with the proper authorities before it is too late.

In making this request, Mr. Speaker, I am expressing the wishes of everybody in my constituency, of the civil authorities, chambers of commerce or labour unions. I have received letters and telegrams asking me to take this matter up with the government. Among the telegrams which I have received I would like to mention those from the chambers of commerce of Ha! Ha! Bay and Chicoutimi, from the city councils of Chicoutimi, Bagotville and Port Alfred, from the county council of Chicoutimi, from the junior board of trade of the kingdom of the Saguenay, the Chicoutimi junior board of trade and the general council of the national syndicates. In other words, Mr. Speaker, the people of my constituency are unanimous in requesting that the government grant us this railway line which we are entitled to.

We have never been pampered in the past and the minister knows it. The province of Quebec has never had as much trackage as its population would have entitled it to. Unless I am mistaken it numbers 29 per cent of the people of this country as against only 11 per cent of its railway lines. It would not be exaggerated to ask the minister, today, to see that justice is done to us. I rely on his generosity to see that this is done.

Mr. David Gourd (Chapleau): Mr. Speaker, on the occasion of the debate on the second reading of the bill respecting the construction by the Canadian National Railways of a line between Beattyville and Chibougamau and from Chibougamau to St. Felicien in the province of Quebec, the greater part of which is within my constituency, that is the line between Beattyville and Chibougamau, I wish to thank the Minister of Transport (Mr. Chevrier) for this important decision. This gesture proves once again his great perspicacity and understanding—qualities which mark him as an outstanding statesman—and shows that he is always thinking of the economic interest and development of our great country, Canada.

Some hon. Members: Hear, hear!

Mr. Gourd (Chapleau): The St. Lawrence seaway, that great undertaking, will not be the least of his achievements.

I wish to repeat what I said in the house in 1945 and 1946 when a start was made on the trunk line between Barraute and Beattyville. I said to the members of this house:

> You may be sure that the new line will be the most profitable of all railroad lines in Canada!

And I am proud to state today that my forecasts were absolutely correct, as has already been shown. That trunk line from Barraute to Beattyville—a distance of approximately 47 miles—was completed in 1948, and has brought, since it was put into operation, very substantial profits to the Canadian National Railways, and I feel assured that the Beattyville-Chibougamau line—a distance of 160 miles—will be profitable to our national system, as well as to the constituency of Chapleau, to northwestern Quebec, and the country as a whole.

As the Barraute-Beattyville line derives its profits from timber and pulpwood, the Beattyville-Chibougamau extension would likewise make possible the development of extensive natural resources, including pulpwood and lumber and, also, all kinds of minerals, base metals, such as copper, zinc and lead, together with precious metals, such as gold, etc.

We already have there 78 established mining concerns. These now hold over 150 properties which need only construction of this railway line to begin producing. As a matter of fact several are already in production, such as Opemiska, Obalski, Campbell Consolidated mine, Merrill Island Mining Corporation, Chibougamau Explorers' Limited, etc, which now must have their concentrate hauled to Noranda, over 800 miles away, a fantastically costly operation. I believe that should be sufficient to prove that all these companies and prospects are dependent upon construction of this railway for their development. Not only are there 25 to 45 million cords of pulpwood and lumber, and millions of tons of concentrate awaiting construction of this line, but there is also the fact that this will bring about increased settlement.

There are in this district an estimated million and a half acres of arable soil which could well be used for agricultural purposes. I am told that over 25 townships would be suitable for cultivation and that these could support 15,000 farmers.

I wish to point out that this is practically the last area of the province of Quebec with agricultural possibilities.

This line may, moreover, contribute to the development of water power which, according to the estimates, might reach about 1,125,000 horsepower annually.

The construction of this railroad will contribute to an increase of population in my county of Chapleau and northwestern Quebec. In 1912, when I arrived in Harricanaw, now called Amos, on the Harricanaw river, we belonged to Pontiac county, which had a population of about 45,000 or 50,000. This area has since been divided into three counties; first of all, old Pontiac, that still has a population of 50,000, then the county of Villeneuve, with a population of more than 70,000, and, lastly, the county of Chapleau, which I have the honour to represent, with a population of more than 65,000. We are therefore justified in urging the government to carry on with this remarkable development, in the interest of the country as a whole. The extension of the railway from Beattyville to Chibougamau will, I am convinced, within five years, bring about an increase in the population of Chapleau county of more than 60,000, to a total of 125,000.

During the 42 years that I have been living in Abitibi, I have witnessed considerable improvement in temperature since it has dropped about 10 degrees; I am convinced that another like improvement may be expected from further deforestation and from the tilling of the soil along this northeast extension of 165 miles.

Such an important development is of public interest, the more so if we take into account the large revenue that the government will draw from it.

Every time I have visited the northern part of my constituency, I have rejoiced at the sight of the natural resources of that small section of our country and at its potentialities. To prove my point, I would be pleased if the ministers and my colleagues in this house could see for themselves the progress which has been made within the last few years in my constituency and also the potential developments that would benefit our great country, Canada.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I have only a few words to say on the bill now before the house. Personally, I suggest this bill might very well have been entitled simply "An act respecting the construction of a railway line by the Canadian National Railways from Chibougamau to Beattyville".

I know that the Minister of Transport (Mr. Chevrier) has told us that the government intends to build eventually the second part of this railway line which, according to the minister, is to run from Beattyville to St. Felicien, via Chibougamau. Unfortunately, this bill, as it now reads, will bury in oblivion the line from St. Felicien to Chibougamau. The minister has made this very clear this afternoon—and we must admit that he spoke very plainly—when he put forward some very good reasons, of course, for constructing a line from Beattyville to Chibougamau. He was very frank also when he told us that they would build the western end first and that if, after further consideration, they found that the development of the other area could justify the building of the eastern end of the line, well, perhaps the government or the Canadian National Railways would decide to build the section from Chibougamau to St. Felicien.

My argument is, therefore, simply that the present bill only covers the western section of the railroad, from Beattyville to Chibougamau. I may be wrong, but I think that the intention has been either to deceive the

people of Lake St. John or have them believe that the government, while not pretending to have forgotten them, was postponing indefinitely the carrying out of this project, as may easily be seen by reading section 1 of the bill, which says:

> That the governor in council may provide for the construction prior to the 31st day of December 1964, or such later date as the governor in council may fix.

Well, Mr. Speaker, according to the information furnished us by the hon. minister this afternoon, no railroad can be constructed if there is no guaranteed revenue to justify such an expense.

It is clear that in ten years from now, if the construction of the eastern end of the line is not undertaken immediately, the chambers of commerce, the economic council of the Lake St. John district and other civic organizations will come back to Ottawa to ask once more for the construction of a railway line between St. Felicien and Chibougamau. It is agreed and indeed the history of Canada proves that the construction of a railway line ensures the opening up of a district, attracts business and industry and brings about a development which otherwise would not be possible.

When the people of the St. Felicien or of the Lake St. John district come here and ask for the construction of the east end of the line, they will simply be told: "Well, we already have a railway line in the Chibougamau district. If you can provide us with the economic means to support this railway, well, we shall see what can be done". When they return home, these people will be in the same position as they are now, for one must not forget that two or three years ago, as I can remember, from 80 to 100 trucks loaded with all kinds of supplies went from St. Felicien to Chibougamau via the road constructed by the provincial government; the suppliers and small manufacturers of the Lake St. John district made a good deal of money and their situation improved every year.

There is no doubt that if a railroad is built between Chibougamau and Beattyville, with the line going from there to Noranda and Ontario, all the mines in Chibougamau will soon get their supplies from that part of Quebec and Ontario, before they can get their supplies from St. Felicien and the rest of Lake St. John district.

I believe that the government is wrong in turning away from the seaport of Chicoutimi. I do not think a more ludicrous instance can be found than that of a government building a very costly railroad to bring mineral ore which lies scarcely 220 miles away from one of the best seaports of the country to blast furnaces established many hundred miles away.

I believe that the population of the Lake St. John region, of Chicoutimi and of the wonderful Saguenay district is entitled to demand from the government an undertaking that if the building of a railroad from Beattyville to St. Felicien via Chibougamau is undertaken, the whole line will be built and that if only part of it is to be built, the eastern branch will be built first for the reasons I have just put forward.

(Text):

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say just a very few words. We are glad to support this bill. As I indicated when we were at the resolution stage on May 11, we are pleased that this line is to be built by our own publicly owned railway system. Indeed, we are pleased that we have a publicly owned railway system that can undertake projects like this that are good for the whole of Canada.

I was interested in the question that the hon. member for Vancouver-Quadra (Mr. Green) raised, as to whether or not this bill goes beyond the financial provisions set out in the resolution that the house passed preceding the bill. The question struck me as an interesting one, and I have been reading both the bill and the resolution to see if I could find the answer. I feel the answer is there, although perhaps it is a bit obscure. The hon. member for Vancouver-Quadra thought there might be an inconsistency between the figure of $38,750,000 mentioned in the resolution and the figure of $44,562,500 mentioned in a couple of the clauses of the bill. I think if one looks closely he will discover that the reference in the resolution to $38,750,000 is to the total estimated cost of building the line, and that same figure is found in the bill by adding the items set out in the schedule, to which reference is made in clause 3.

On the other hand it appears to me that the reference to the guarantees in the amount of $44,562,500 is covered by another sentence in the resolution, which said:

> The measure will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction.

Where I think there was a little slip in draftsmanship, if I may make that suggestion, is that the additional figure of $44,562,500 was not included in the resolution. I think the sentence I have just read from the resolution should have had in it some reference to the effect that the guarantees would not exceed this figure of $44,562,500. In any event, although it was an interesting question by the hon. member for Vancouver-Quadra I do not think it leads to any procedural difficulty. In my view the bill does not exceed the authority set out in the resolution.

I am grateful to the minister for having assured me on May 11, as reported at page 4609 of *Hansard*, that he would see that the Canadian National Railways officials were made aware of the remarks I had made on that day regarding labour conditions. He said he would see to it that the Canadian National Railways, in granting any contracts or subcontracts, would keep in mind the consideration that the general labour conditions under which these lines of railway will be built should be in accordance with the laws and the labour codes of this country.

We are glad to support the bill and to support the building of these lines of railway. But we do urge that every care be taken to see that the labour laws and labour codes of this country are respected. The bill makes provision for the company to build these lines by using its own forces, its own equipment and its own employees, or by letting out contracts to others. Whichever course is followed, or if it be partly one course and partly the other, I urge very strongly that there be no by-passing of labour laws or labour codes, and that there be no by-passing of collective agreements that the railway company has with various unions, but that the labour provisions established in this country be lived up to, both in the letter and in the spirit.

(Translation):

Mr. Fernand Girard (Lapointe): Mr. Speaker, I wish to add a few remarks to what has been said here in connection with the building of the railroad between Chibougamau and St. Felicien.

When it was announced that the Chibougamau-St. Felicien railroad would be built, the whole Saguenay district rejoiced and saw the crowning moment of forty years of efforts and representations. The people felt that at last recognition was being given to an undeniable fact, namely, that the Saguenay district is a natural outlet for the iron ore development of Chibougamau and of great importance to its progress.

On behalf of all important organizations of the Saguenay district the council for economic planning went many times to Ottawa and in a detailed brief stated the case for the building of the branch line between Chibougamau and the Lake St. John district and insisted on its urgency. It is probably following such evident representations, which, by the way, have made known the development and great promises of the Saguenay district, that the district has been, in principle, included in the bill.

The city of Quebec itself, seeing in the outlet of Chibougamau and the Saguenay the best way to ensure for Quebec the refining of its ores, was unanimous in supporting our requests. Apparently, the government had also understood those obvious reasons, and no doubt, it was believed, the action of the right hon. Prime Minister (Mr. St. Laurent) who had himself realized the immediate interest for Quebec in seeing that the project should be maintained and that the bill be now introduced.

Now, the Minister of Transport (Mr. Chevrier) announces that the Abitibi-Chibougamau section will be built first, and moreover that this section will not be built immediately after the other, but only when the industrial development of Saguenay would urgently call for its construction.

That was, Mr. Speaker, a destruction of the magnificent impact this statement of policy had had. This is giving it, as the member for Three Rivers (Mr. Balcer) said so well, a first-class funeral, as far as the portion which was supposed to extend into Saguenay is concerned. Thus we will be lagging behind the other area equally concerned in this matter. That statement of the hon. minister left the citizens of my county dumbfounded, especially those who live in that part of the Saguenay region which is affected. The government took a step that was called for when it announced the construction of the Chibougamau-St. Felicien railway line, but it will destroy its effect and the whole area will suffer great wrongs if it puts off that construction. That would work out to the benefit of another area which might be equally concerned but which will gain a foothold, I might say, because we would have to set, to its benefit, a precedent which cannot be but detrimental to the welfare of the Saguenay. We are faced with a problem which can be summarized thus: the railway line, it seems, is to be considered

first from the financial angle. We consider it from that angle but we get the impression that the government will have to plead our case with the C.N.R. which cannot be interested in both sections.

Mr. Speaker, if all that is said and repeated is that we must immediately give a guarantee as to the number of tons that will be shipped, we are placing the district in an unfair position, because if only one section of the railroad is built at a time, it is quite clear that all smelters will be established in the part of the district served by that line and we shall lose them. I wish to mention the possibility of two smelters being built at Chicoutimi and Roberval and that we are jeopardizing those magnificent undertakings, for they will refuse to make risky investments on mere probabilities. They will say that they are willing to build a smelter provided, it goes without saying, they have a railroad. But the government says: "Wait until you build your smelter and then if the development it brings about can ensure sufficient earnings to the railroad, then we will give you that line". Whatever the outcome, we stand to lose.

The member for Vancouver-Quadra (Mr. Green) certainly echoed the misgivings felt by the people of the Saguenay district, when he requested that both sections be built at the same time. To delay the construction of the Chibougamau-St. Felicien section would be to jeopardize the whole industrial future of the Saguenay district, and, especially, the erection of smelters which can be attracted only by the railway, as well as all other industrial projects awaiting its completion.

In my maiden speech which I delivered in this house on November 24, 1953, I joined the other members from my district in requesting the construction of that section as being essential to the development of my constituency and of this whole area, and I drew the attention of the government, in particular, to the St. Charles iron ore body in my constituency, the richest known so far in titanium content, stating that the development of that ore body was closely associated with this Chibougamau-St. Felicien line, as the traffic on that line would be increased by the construction of smelters.

Power development in my constituency alone exceeds 2,000,000 horsepower per day, as was so eloquently pointed out by the member for Chicoutimi (Mr. Gagnon). I am very happy that mention has been made of the millions of cords of pulpwood of which no use could be made failing the immediate construction of that stretch. I feel that the railway should be interested in building this line even if it did not feel that this would bring in immediate revenue, if only because it should have due regard to the evident interest of the Saguenay region and the province as a whole. I really wonder, then, if the Canadian National Railways have done everything possible on the Saguenay side, such as it has done on the other side. We are told, on the authority of the operators concerned with the tonnage which could be transported over the Chibougamau-St. Felicien line, that the quantity of lumber in our district is quite sufficient. This is shown by a brief which has just been sent to me by the Saguenay council for economic planning. This quantity would seem to be 75 million feet of lumber, which would be adequate to ensure the railway's revenue. These quantities are confirmed; they would mean close to two million tons transportationwise. That is why I feel somewhat unconvinced of the sincerity of those statements according to which we have no tonnage to transport.

I believe that, as far as the future is concerned, we have the greatest interest and we have the most numerous outlets, and that is why, in addition to the financial interest, I believe that the hon. Minister of Transport must also consider the general interest and the industrial development of a whole area. Therefore I support all those who are asking that both sections of the railway be built at once. Otherwise, it would be unfair and would create a precedent, while jeopardizing the construction of smelters which could only be detrimental to the project already under way in the Saguenay area. A deferred project is always a lost project, and I am under the impression that if the construction of both sections is not ordered immediately, we will be obliged to bring the matter up again, for who can tell that, in 10 or 15 years from now, the financial situation of this country will not be perhaps more difficult for the government, who will then say it is now more difficult and no longer possible to undertake works of that magnitude.

(Text):

Mr. H. O. White (Middlesex East): Mr. Speaker, I want to make one or two observations before the debate is closed. I am one of those who believe in the development of our natural resources. In my opinion it is only in the creation of new wealth

that we can improve and sustain the standard of living which we enjoy; consequently, it would appear to me to be a good investment on the part of the Canadian people to extend these railroads. No doubt it will help to open up new areas of forests, mines and farms, although I understand the farming areas are more or less limited.

It seems to me that this is a development we can compare with some of the developments that took place in the early days of this country. We would not have made the immense wealth of the west accessible if we had not built the transcontinental railway. This is tapping new areas in the north country that a few years ago we would not have believed it was practical or possible to develop. With the opening up of mining in the north country it looks to me, as I said before, like a good investment.

Along with that, at a time when there is a bit of unemployment—I will minimize it—this will help to create demand for a variety of things which are used in the construction of the railway and of new running gear. All along the line it will be necessary to have maintenance men with homes and families, and consequently businesses will grow up, and villages, towns and probably cities in the not too distant future.

I welcome the legislation, and I hope we go forward with it with all speed. I am convinced that the government is spending many millions of dollars from which they cannot hope to get the return that they will from this investment. I just wish to say that I appreciated the frank and forthright statement made by the minister in his opening remarks when he placed this legislation before us.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, before the minister closes the debate I should like to say a few words on this bill. Several hon. members who spoke in this debate referred to it as a good investment. It would be a very optimistic person indeed who could today with any certainty refer to a railway development, probably in this or in any other country, as a good investment. I agree that this is an essential work for the development of sections of the country that cannot be developed in any other way, and it is interesting to note that it is the Canadian government railway that is building these extensions. I doubt very much whether one could get a private railway company today to invest large sums of money in railway building.

[Mr. White (Middlesex East).]

The reason for that is obvious. Today there are other methods of transportation competing, and in my opinion at times unfairly competing, with the railways. Those other methods of transportation are passenger buses, freight-truck lines and air lines, both passenger and freight, and they are taking, as it were, the cream off the transportation business and leaving the unprofitable business to our railways. I have not very much doubt that if something is not done to co-ordinate transportation activity in this country, for years to come, and that not very many years in the future, this government will be paying the deficits on this section of the road, because it requires many different kinds of transportation to make a railway system pay.

To make a railway system pay there has to be considerable express business, as well as considerable passenger traffic, and it is well known that the heavy freight traffic which will inevitably constitute the greatest part of the business of this line will not, at least in my opinion and according to my limited knowledge of transportation, prove a very lucrative business for the railway. However, I agree that this road is necessary for opening up this very difficult section of the country.

In his speech this afternoon the minister mentioned the guarantees on freight obtained by the Canadian National Railways before the project was approved and these guarantees will be all to the good, but they do not cover very many years and it should be kept in mind that when we build a railway it remains in use for a long time in the future. I just wanted to say these things, not because I have any objection to the bill, but because we should go into these matters with our eyes open.

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I would like to deal with some of the points brought out during the course of this debate, and more particularly with those which have to do with the reason for beginning the construction of the line in the manner in which the Canadian National Railways has determined.

First of all, however, I should offer an explanation for the question raised by the hon. member for Vancouver-Quadra (Mr. Green) and point out that the resolution which was before the house a short time ago referred to the amount of $38,750,000 whereas the bill in one of its sections, I believe section 4, covers an amount of $44,562,500. There is no inconsistency in what is in the resolution, in what is to be found in the schedule to

this bill, and in section 4 of the bill, and I must apologize to the hon. member for Winnipeg North Centre (Mr. Knowles) if I did not follow him carefully, but I think he found the answer.

The answer is to be found in the fact that the amount of $38,750,000 is covered by a 15 per cent estimate, whereby the railways are not authorized to go beyond that amount. In other words, if my hon. friend looks at section 3 of the bill he will find that the company shall not in performing the work of construction and completion exceed such estimates by more than 15 per cent, and the estimates as given in the schedule are for $38,750,000 to which, if 15 per cent is added, one gets the amount of $44,562,500. It is to cover and protect that position that section 4 has been incorporated in the bill.

Now I come to another point, namely that which the hon. member for Vancouver-Quadra raised when he said the minister was very uncertain about the construction of this line. He said that he did not know whether the line would begin at the east end or whether it would be continued at the west end, and in fact that there was a great deal of uncertainty. He went on to say the best way to develop industry is to build up the line.

That is the very point that we in this country have been discussing for many years. In years gone by the discussion was as to whether a railway line should be built in order to bring people into the country, or whether the population should first reside in an area before a railway line was built. Evidently it was necessary in earlier years to build the line before the people moved into the area and before industry reached that area if the country was to be developed at all. But we know what the consequences of that policy have been, and during the last few years it has been the policy of this government not to build railway lines, at least through its agency the Canadian National Railways, unless and until there were guarantees which proved that the line could be made profitable.

That was the case in the Kiask-Barraute line; that was the case in the Lynn Lake-Sherridon line, with perhaps a qualification because of the urgent necessity of certain minerals; it was the case in the Kitimat-Terrace line, and it is the case in this line subject to what I will have to say a little later on. Therefore, there is nothing new in the policy which we have been following here, although as I said earlier on the resolution, and as I said on the bill, it may be necessary to give consideration to the payment of a subsidy on this line, dependent upon whether the traffic will or will not develop.

Somewhat to my surprise I found the hon. member raising a question and attempting to prove a point which to my mind is entirely fallacious, namely that the construction of this line will have the effect of diverting Quebec traffic to Toronto. I hope the hon. member will bear with me because from now on I would like to deal with this matter in the French language because the hon. member for Chicoutimi (Mr. Gagnon), I think the hon. member for Lapointe (Mr. Girard), and to some extent the hon. member for Three Rivers (Mr. Balcer), although he did it in a different manner, repeated this argument.

(Translation):

Mr. Speaker, I would like at this stage to refute the fallacious argument that has been put forward to the effect that the construction of this railway line means that Quebec traffic will go to the city of Toronto. But before I answer that argument which, I think, is unworthy not only of those who put it forward but also of those who suggest that the government would build a railway line or would ask its agency, the Canadian National, to build a railway line that would be injurious to a section of the province of Quebec, when the intention of the government is to develop the whole of Canada and not only one part of the province of Quebec—

Mr. Gagnon: That may be the intention, but the cold facts are there.

Mr. Chevrier: I would like to refer to an editorial in *Le Soleil* of May 17, 1954. There is no doubt that the hon. members got some of their arguments from this source, because I find them in this article, which reads as follows:

> As the federal government recognizes that it is a matter of national interest to connect the Chibougamau mining area with the Canadian railways right away, it would seem more practical to build first of all the shortest section of the two projects announced by the Minister of Transport.
>
> From St. Felicien to Chibougamau, the straight-line distance is hardly more than 100 miles—

Now this distance is 139 miles and not 100 miles. I continue:

> —and there is already a good road that might be used for a railway line. On the other hand, the distance from Chibougamau to the Ontario boundary of the Abitibi is twice as long, and there is yet no passable road for trucks or automobiles.

I need only draw the attention of hon. members to the appendix to the present bill, which shows the distance from Chibougamau

to Beattyville. It is not twice that distance, but only 10 miles longer, or 149 miles. And the editorial adds:

> It means that Chibougamau would have to wait longer for its railway line if the construction work were started at Beattyville, a small town which is closer to Toronto than it is to Montreal or Quebec.

Well, Mr. Speaker, that statement is also wrong since the distance by railway, from Beattyville to Toronto, is 686·80 miles while the distance from Beattyville to Montreal is 494 miles, that is almost 200 miles less from Beattyville to Montreal than from Beattyville to Toronto.

Mr. Gagnon: It is easier to go to Toronto than it is to go to Montreal.

Mr. Chevrier: The same applies to the distance by road which is 538 miles from Barraute to Toronto as against only 358 miles from Barraute to Montreal. That is another error in this same article which is aimed at giving the impression that the Canadian National or the federal government would like to direct the traffic movement toward the Abitibi district or rather toward Toronto. The article goes on, in the last paragraph:

> These arguments which the premier of the province and the members representing the Lake St. John region put forward are so reasonable that the Canadian government should change its plans in the interests of the Chibougamau district itself and in order to save time and money. The question is of such importance that the interests of Toronto must give precedence to the interests of the entire country.

That argument has been quoted and developed by the hon. member for Chicoutimi. However such an argument proves so very false when analysed that one may wonder why it was even mentioned by him.

Here is why I make such a statement: people who know what all this is about know very well that the copper concentrates from the Chibougamau mines will be sent to Noranda, in the province of Quebec, a fact which was so well stated by the member for Villeneuve (Mr. Dumas) when he asked a question. Moreover, after treatment at Noranda, the copper product will be shipped to a Montreal East refinery, to be further treated in the province of Quebec. From the refinery the material will be shipped for processing in industrial plants again at Montreal, so that every ounce of ore mined in the Chibougamau district will be industrially processed entirely in the province of Quebec and not at Toronto, as the hon. member has wrongly suggested.

[Mr. Chevrier.]

Mr. Gagnon: May I ask a question of the minister?

Mr. Chevrier: Certainly.

Mr. Gagnon: Can the minister assert that sulphurous gas and native sulphur will not be refined at Hamilton or Welland?

Mr. Chevrier: Mr. Speaker, I am now speaking of guarantees given to the Canadian National and on which I shall come back a little later, but not of what the hon. member has just mentioned.

I am speaking of mineral products to be taken out of that district and about which the Canadian National has obtained certain guarantees. It is of those products and of those products alone that I am speaking at present.

Now, I would like to add that, notwithstanding what the hon. members have said, the Canadian National Railways did everything possible to obtain the necessary guarantees from the mining industries and other producers in the eastern part of this district, and, up to now, they have not succeeded in obtaining the necessary guarantees from the financial standpoint.

The question of the transportation of pulpwood on both sections was raised, and it was stated by the hon. member for Vancouver-Quadra (Mr. Green), and the hon. member for Chicoutimi, that those products would be shipped to Toronto. Such an argument is absolutely pointless when we know that in both the province of Quebec and the province of Ontario there are laws providing that pulpwood from either of these two provinces must be processed in the province of origin. It is evident then, in my opinion, that those arguments were brought forth for only one purpose, namely, a political purpose. Some even went further. Some have said: Why is the government's attitude with regard to this line different from the one they adopted with regard to the P.G.E. in British Columbia or the Ontario Northland in Ontario where subsidies were paid? Why should there not be subsidies in a case like this?

Well, here is the answer. It is clear. The government's policy is to encourage lines which can operate at a profit. These two lines were provincial. The first of these two railways belongs to the British Columbia government, and this government wished to extend its trackage. To this end they re-

quested a subsidy, which was granted them. The other line belonged to the province of Ontario. They asked us to subsidize this line years and years ago. If the Quebec government wished to build this railway and asked for subsidies, we would consider this request in the same way in which we considered the requests of these other provinces.

Mr. Gagnon: Roads, not railways, are built by the government of Quebec.

Mr. Gauthier (Portneuf): You are disappointed that they should be built by the federal government?

Mr. Chevrier: My hon. friend says that roads, and not railways, are built up by the government in the province of Quebec. That is true, but there is a certain individual in the province of Quebec who continuously talks about sovereignty and who, while anxious to talk about sovereignty, does not stop telling us how we should settle our federal matters. That is what he did about that railway, not long ago, and my hon. friend made himself his interpreter, when he said a while ago that the province of Quebec never had the proportion of railways it is entitled to. Another fallacy put forward without any foundation, in an attempt to throw confusion into the minds and to show to certain groups in the province of Quebec that the federal government is not sincere when it tries to build railways to help towards the development of Canada, as is the case at the present time.

I want to develop this argument in order to show that I am right when I say that the province of Quebec has received from the Canadian National, on the basis of its population, as much as the other provinces of our confederation, if not more than any of them.

Mr. Gagnon: Certainly not the Chicoutimi area.

Mr. Gauthier (Portneuf): You are disappointed.

Mr. Chevrier: If my hon. friend will be patient, I think that I can answer the arguments he put forward a while ago. I held my peace when, a moment ago, he made a speech which I did not like; let him listen now to the answers I have for him, because he needs to be answered, for he and others who put forward such arguments are people who want to create disunity in this country, who do not want a Canadian confederation, but who claim for Quebec a situation apart, different from that of the other provinces.

Here is the situation, Mr. Speaker. In the province of Saskatchewan, for instance, there are 8,739 miles of single-track railroad lines and that is the province with the longest system even if its population cannot be compared to that of the province of Quebec. In fact, in the case of Saskatchewan, there are 10·5 miles of railroad per thousand people. Because in a province the ratio of population per mile of railroad is higher, because that province is at the same time the second in area—let us say per mile of railroad track—it must not be inferred that that province is deficient in railroad facilities. In the province of Quebec there is a concentration of population around Montreal but there are very few inhabitants in Ungava, in Abitibi, in various parts of Labrador and of Baffin Land. These boundless regions are practically uninhabited. One must not conclude that the railroad facilities are lacking in that province. It does not mean that railroad facilities are inferior in comparison to its population, for they are equal if not superior to the facilities in some provinces.

In fact, the economic vitality of Montreal does not depend as much on the province as on the whole of Canada. When that factor is taken into account, we find that the number of inhabitants per mile of railroad is in agreement with the average for Canada. Industry in the province has not been handicapped in the least and the necessary facilities have been provided without delay and as soon as they were requested.

Has the province of Quebec been neglected? I hear people say, even in this house, that the province of Quebec has been neglected by the Canadian National. Let us examine what has been done by the Canadian National by way of expenditures in the province of Quebec, under the present government. During the past five years the Canadian National Railways have spent large sums to improve and expand facilities in the province of Quebec. For instance, they spent $25,740,000 in 1949; $23,906,000 in 1950; $24,412,000 in 1951; $26,805,000 in 1952, or a total of $100,863,000 in less than four years, and I do not take into account 1953 and the first part of 1954. If all those figures were added, the total would be in the neighbourhood of $150,000,000.

Besides, the Canadian National Railways from 1948 to 1952 paid out $319 million in salaries in the province of Quebec alone. Moreover, a substantial portion of the money spent by the Canadian National Railways for the extension of the operation department—diesel engines—and rolling stock went to the province of Quebec. These expenses, for the years 1948-52, are as follows: 1948, $14,962,000; 1949, $5,265,000; 1950, $22,600,000; 1951, $24,431,000; 1952, $36,892,000; that is $103,650,000 in all.

My hon. friend interrupted me a while ago to tell me that the Chicoutimi district had not been developed. But such was not his argument when he made his plea. His argument was that the province of Quebec had been neglected and now he is suggesting we have neglected the Chicoutimi district. The Chicoutimi district is not neglected since we are asking the house for permission to begin a railway in those parts; yet you complain claiming we are not starting construction at the right end. I will tell you why we are not starting at your end. If you find I am speaking too sharply, you have no one to blame but yourselves.

We are starting with the Beattyville-Chibougamau stretch because we have traffic guarantees which show that the Canadian National Railways will be assured of a profit of $23,000 a year. But do you know what the financial position of the railway would be if we were to begin at the other end? It would mean a deficit of at least one million dollars a year. There is the answer. That is why the Canadian National Railways has recommended to the government that construction be started from the west rather than from the east. But the government wanted parliament to authorize the building of that line, of the whole line in the interest of the Saguenay district and also in the interest of the Chicoutimi area. In other words, we are asking for a charter, so that the line may be completely built, and we hope that, during the period of construction, a zinc refinery may be established at Chicoutimi, and that other industrial developments may take place, which will make the extension of this line possible. However, the reason for which we are beginning with the western section is found in the financial aspect; that is the only reason, for let us remember that there are other parts of Canada where railways should be built; there are other parts of Canada that have been asking for many years that such railroads be built, and we also often have had the Canadian National make a survey of such proposed roads. The Canadian National found that they should not be built, because its financial position would not be improved by their construction. Why should another policy be followed with regard to the Chibougamau line? One part would be profitable, while the other would not.

We are starting with the profitable end and will continue with the other as soon as we can get guarantees.

My hon. friend is very much interested in the development of his own district; may I tell him this: it will cost $17 million to build the eastern section, that is the section from St. Felicien to Chibougamau.

Now, if the government of the province of Quebec wants to pay half these building costs, namely 8 million and a half, I undertake to ask the Canadian National to spend the other half, namely 8 million and a half. Then we shall see who is sincere.

For the government, Mr. Speaker, this is not a matter of politics; it is an economic matter and nothing else.

I should rather address my remarks to the hon. member for Three Rivers (Mr. Balcer), who has unfortunately made a purely political speech this afternoon.

I have respect for the hon. member, but not for the speech he made this afternoon. At least it can be said that the members who are seated at the end of this house have studied the matter and know what they are talking about. The member for Three Rivers however spoke as if he had not studied the matter at all.

Some hon. Members: Oh! Oh!

Mr. Chevrier: It seemed to me he has made a purely political speech.

Mr. Gauthier (Portneuf): He is the chief organizer.

Mr. Chevrier: Mr. Speaker, the hon. member—

(*Text*):

Mr. Macdonnell: There is no politics in yours.

Mr. Chevrier: I am sure my hon. friend would see to it that there would be politics in his if he had made a contribution to the debate.

(*Translation*):

Mr. Gauthier (Portneuf): Incidentally!

Mr. Chevrier: The hon. member for Lake St. John (Mr. Gauthier) has asked me the following question: If the new district of Lake St. John guarantees the authorities of

the Canadian National Railways a yearly traffic of 175 million tons, will the minister give the assurance that the Canadian National will start the construction of the east end of the line, that is a stretch equal to the east end, from St. Felicien to Chibougamau?

The hon. member assumes too much as to the authority of the minister to give instructions to the Canadian National Railways. However, I say this, that if the Lake St. John district gives the Canadian National authorities the same guarantees or guarantees similar to those given by the manufacturers, the industries or the producers established near the western end of the line, I am confident that the officers of the Canadian National would be ready to build immediately the eastern end.

Moreover, as I have often said, this is the only reason why the Canadian National is not starting the construction at both ends at the same time.

(Text):

Mr. Speaker, I move that the bill be referred to the committee on railways, canals and telegraph lines.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

VOCATIONAL TRAINING CO-ORDINATION ACT

AUTHORITY TO ENTER INTO AGREEMENTS WITH PROVINCES, CHANGES IN ADMINISTRATION, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider Bill No. 326, to amend the Vocational Training Co-ordination Act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Minister may undertake projects.*

Mrs. Fairclough: It is not my wish to delay this committee in any way at all, but while we were in the standing committee on this bill the minister illustrated to the committee what could be done by the use of the facilities of the department to train those who were currently unemployed. He cited in particular the case of Marysville, where such a program had been undertaken. I believe the house would be interested in the results of that experiment, and whether the department intends to conduct a similar experiment in the other parts of the country or even go beyond the experimental stage and institute a regular program of training.

We do know that there is not any shortage of work for tradesmen in this country. As a matter of fact while some of our own men who are untrained in any of the crafts are idle, those who come into the country with specific skills have little or no difficulty in obtaining employment. Now, Mr. Chairman, I do not wish to hold up this measure. We were all in agreement on it so far as it went, but this is an extremely interesting point. If the minister would prefer to leave such an explanation until such time as the estimates of his department are being considered, which will not be too long, that would satisfy my curiosity. It does occur to me that this offers an opportunity for him to make that explanation and give the story to this house, if he has the information available.

Mr. Gregg: I would be only too happy to comply with my hon. friend's suggestion, except that I do feel it would be more appropriate, and I could do it more completely, when my estimates are before the committee, particularly since we will have supplementary estimates at that time that may be related to this very thing.

All that I would say to her at this time is that we can only enter into work such as this if the province concerned is wholeheartedly in accord with it and is willing to initiate the training for which we can bear 50 per cent of the cost. In other words, the schools themselves, if new training facilities have to be created to take care of the training of unemployed persons, have to be brought into being by the provinces and we help them in the cost to the extent of 50 per cent.

Mrs. Fairclough: The minister is referring now to the implementation of schedule M?

Mr. Gregg: I am referring to schedule M which is for the training of unemployed persons.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

DEPARTMENT OF TRANSPORT ACT

PROVISION FOR CONTROL OF GOODS IN BULK

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 443, to amend the Department of Transport Act.

He said: Mr. Speaker, P.C. 4535 authorized the governor in council, on the recommendation of the Minister of Transport and pursuant

to the Emergency Powers Act, to make certain regulations with reference to transport control. Those were made to ensure that the movement by rail and water of certain bulk commodities would be made in an efficient and orderly manner. These regulations defined bulk commodities, defined the powers of the transport controller and defined the facilities over which he would have jurisdiction.

This bill seeks the continuation of this arrangement, but more particularly it authorizes the making of regulations for the use and operation or supply of transport and storage facilities, such as railway facilities, ships and the like. It authorizes the making of regulations with reference to the quantities of any goods in bulk to be transported. The object of this bill is to ensure that ore, grain, coal and other commodities move in adequate volume at the time required to meet export commitments and domestic needs. Since the establishment of transport control there has been no shortage of box cars, and there has been a fairly efficient movement of commodities. Vessel transportation has been ample to meet all shipping requirements for bulk commodities.

I am sure it will be the view of the house that it is important to continue this transport control by way of legislation.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I do not wish to prolong proceedings with regard to this bill which, I believe, is not a highly controversial one. I am wondering however if we might not consider it a little more fully. The minister has outlined the purpose of the bill, and has indicated that it is a continuation or a regularization of a power passed some time ago. He indicated at the resolution stage that the arrangements have been very satisfactory with the transport controller, and that there has been great co-operation between the railways, the shipping firms, the elevator operators and the like, which has achieved success in maintaining a sufficient number of box cars for all purposes.

I think the origin of the request for a transport controller came about at a period of time when a shortage of box cars had developed out west, and when shipments of grain appeared to be limited because of that shortage. But I note that in 1951, when the order in council was passed, the government considered that other factors were involved. If I might be permitted to read three short paragraphs from that order I believe they would indicate what was in the mind of the government at the time. Order in council P.C. 4535 of August 29, 1951 commences with these words:

> Whereas the demands of the grain trade and of the defence effort are placing an added strain upon certain of the transportation facilities of Canada;
>
> And whereas to ensure that the movement by rail and by water of grain and of those bulk commodities that are essential to defence may be made in a prompt, efficient and orderly manner, it is desirable to provide for a limited control of railway and water transportation;

And a subsequent paragraph says:

> And whereas by reason of the existing international emergency it is necessary or advisable for the security, defence, peace, order and welfare of Canada, to establish the regulations annexed hereto.

As the minister says, this came under the Emergency Powers Act, and the questions of emergency and of defence seemed to be uppermost in the minds of those who drafted the order in council. But is that the situation today? Is it necessary that all these stringent regulations be incorporated in this bill, when I am not at all sure that in that interval of almost three years there has been any need to call upon these powers in order to obtain the results desired?

We have been assured by the minister, and we accept that assurance, that the box car situation for the transportation of wheat has not since provided any problem, and that the transport controller has found it quite possible, in co-operation with those concerned, to keep a sufficient number of box cars readily available. If the power of the transport controller has not been extended beyond these matters affecting the grain trade, what is the purpose of continuing these other powers? There does not appear to be any emergency in connection with matters of defence. Is it necessary to have all these powers in his hands? Are they simply being held in abeyance in case something turns up?

If some emergency does develop there are ways and means of dealing with it. I was unable to discover any act on the part of the transport controller, except an order issued by him on October 25, 1951 which limited the transportation of iron ore on the great lakes in favour of the shipment of grain. Perhaps the minister will inform us if any other exercise of the authority of the transport controller has been necessary.

The regulations to which reference has been made give a great deal of power to the controller, and I question whether under the circumstances those powers are needed. As has been pointed out, the regulations deal not only with the question of grain but also with matters affecting ores and minerals,

ferrous minerals, iron and steel scrap, sand, stone and gravel, pulpwood, wood pulp, sulphur and phosphates.

At any time has the transport controller had to regulate any of these other items in order to make provision for defence purposes or for purposes of export, or have his duties simply been those connected with arrangements for box cars, and shipping arrangements connected with the grain trade? About three years have elapsed and the experience is available. Could not this same work be carried on in a simpler fashion, and without holding all these powers in abeyance? Then, again, I note that there is no permanency attached to this particular amendment. The final section in the bill says:

This section shall expire on the 31st day of May, 1956.

Would it not have been advisable to limit it to the term of one year, if there is still some doubt as to the necessity for maintaining control over all these commodities? If it is just a matter of controlling shipments of grain, could it not be done without this elaborate set-up and arrangement to control so many other materials? Might it not just be continued from year to year and, if necessary, dropped if some other method is found available?

No suggestion has been made to us at any time that any difficulty has been experienced in effecting control of the box car situation which, I think, was the origin of the order in council. I hope the minister will be able to comment as to whether, for defence purposes, these other powers are required. Why should it be necessary to give such extensive powers to the transport controller, if we are not faced with an emergency and when, in the interval, he has not found it necessary to exercise his authority, except with regard to the grain trade?

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, from my reading of the bill, and from listening to the explanation given by the minister, this group has no objection to passing it. I think the principle of putting in statute form what the government can do, rather than to have it done by order in council as was done under the Emergency Powers Act, is something for which we have been asking on this side of the house for some time. The legislation may not have been used, and we have no reason to suppose that it will be used in the future any more than it has been in the past unless an emergency does arise.

The hon. member for Winnipeg South Centre (Mr. Churchill) mentioned the one case where the controller did use these powers to give priority of grain over iron ore where it was necessary to move grain quickly. Somebody should have that power so that the country may receive transportation, not according to the wishes of a few individuals but according to the wishes of those who are administering in the interests of the economy as a whole. I do not see that we have any objection at all to the passage of this bill.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Control of transport of goods in bulk.*

Mr. Macdonnell: My understanding is that the controller has operated successfully and satisfactorily to those concerned. Like the hon. member for Winnipeg South Centre, I am puzzled as to the need for this wide extension. Perhaps the minister can tell us a little as to the way it has been operated. For example, I should like to know the staff the controller has. What has been the scope and what has he controlled so far? Then I should like some further explanation as to the extremely wide range that is now proposed. Let me reiterate, my understanding is that it has worked well to date.

Mr. Chevrier: It has worked very well to date. In so far as the difference in the powers is concerned, there is some difference, as pointed out by the hon. member for Winnipeg South Centre himself. He read the preamble to the order in council, which refers to the international emergency, security, defence, peace, order and good government and the like. These powers are not referred to in the bill. The only reference in the bill is that it is necessary to take these powers in order to meet export commitments and domestic needs. But the position has been such that the transport controller and the method under which he has operated have been so successful that these powers should be continued. They should be continued, too, because the fact that he has operated in the past in the manner in which he has indicates that there has been no tie-up in the movement of those grains and other commodities. He has attempted not to use the powers arbitrarily. I do not think it can be said that he has, and I doubt whether he has issued many orders. Certainly, he has not issued many, but what he has been able to do on a number of occasions is to indicate to shipping companies and the like the fact that he had the powers, and to suggest to them that they should move the commodities in a certain fashion. That has been extremely successful and might be required

at any moment. So far as the staff is concerned, it is very small. There are only six.

Mr. Macdonnell: That is the reason I am asking the question. I wanted that brought out. Apparently up to date he has operated with a small staff. Therefore I take it he has not found it necessary to interfere very much with operations.

Mr. Chevrier: That is right.

Mr. Michener: I can appreciate that this government has got itself so involved in the grain business that it is necessary to control the shipment and storage of grain. But is there any such shortage of shipping or transportation that we need a controller to handle products like ferrous metals, iron and steel scrap, pulpwood, sand, stone and gravel, and so on? Has any control of that kind been exercised? If not, what is the apprehension at this time which makes it necessary to have a controller of such a wide range of commodities which have been moving freely?

Mr. Howe (Port Arthur): May I say a word on that subject? All those commodities are of the kind that move in bulk, and they use the same type of equipment, whether rail equipment or boat equipment. Frequently a suggestion has gone out that certain boats be diverted from ore to wheat. The reason for that is that there is an urgent demand for certain grades of wheat, and the demand for ore is not urgent. I may say that the transport controller is one of the busiest officials of the government. He works closely with my department through the interest of trade and commerce in the movement of wheat. The fact that he does not issue written orders under a statute is solely for the reason that all forms of transportation recognize the benefit to them of having someone direct their operations in a way that will cause them the minimum of delay and will give them loads. When they arrive at a port there will be a load waiting for them. He generally looks at the over-all transportation system to use the available equipment to the best advantage. It is one of the most successful operations. We are fortunate in having a very able controller, a man who thoroughly understands his business and the problems involved. If you were to ask any of the transportation companies whether they would desire to have a controller with the powers indicated in this bill you would have the unanimous opinion that that was their desire.

Mr. Macdonnell: One further question: what has the control covered to date? We have this long list. Am I right in thinking that it has been almost wholly confined to wheat?

Mr. Howe (Port Arthur): Oh, no. Two years ago there was an acute shortage of lake shipping. It is true that additional lake carriers have been built since then, but it was a very close decision as to which was more urgent, the movement of wheat, the movement of iron ore or the movement of pulpwood from down river in the St. Lawrence. That was under constant study by the transport controller, and boats were used in a way that every necessary movement was taken care of. In that year we were not able to move all the wheat we would have liked to move. We were not able to move all the iron ore we would have liked to move, but the essentials of all trade were moved due to the very careful study and arrangements by the transport controller.

Mr. Macdonnell: The minister agrees that this is still an emergency measure?

Mr. Howe (Port Arthur): Perhaps not an emergency, but we have a very serious congestion already. I just left a committee that was studying the problem of a car cycle of moving wheat from country elevators in a way that would be fair to the various interests involved, and that would get a fair distribution of transportation as far as the distributors are concerned. I am sure that the transport controller will be able to solve that problem. He is a very essential official, in my opinion, as far as the movement of wheat is concerned, and no one can concentrate on wheat without having regard to other bulk commodities which must move at the same time.

Mr. Campbell: I can agree with the minister up to a certain point that the controller has made a success of the handling of box cars, but I wish the minister would point out this fact to the controller and see that we get a more even distribution as between the branch lines and the main lines of the railway. I read the report of the agricultural committee that went into this matter quite extensively. Mr. Milner stated that he did not try to allocate box cars, he left that to the railway. The fact is that in my constituency, and this is something about which I am well informed, the branch lines have been left to the last and they have had a very thin supply of box cars, whereas the main lines were practically cleaned out. It was not until after the main line had been cleaned out that the branch lines started to get cars and in my own constituency there still remains a big proportion of the 1952 crop on the farms. I think that if the controller had paid more attention, or given the railways better direction to balance out the distribution of the box cars, then the people

on the branch lines would have had more consideration. I hope the minister will draw that to the attention of the controller and see if such an arrangement cannot be made during the coming year.

The Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Mr. Green: Mr. Chairman, there are other questions I would like to put on this bill.

Mr. Chevrier: Can we not get it through now?

The Chairman: Do I understand clause 1 is carried?

Mr. Green: Mr. Chairman, I would like to to ask some questions.

Mr. Chevrier: Ask them now.

Mr. Green: Mr. Chairman, the other day I asked the minister about the control of ships and in particular whether there was any control over Japanese ships, and he said I should wait until the bill was introduced because the word "ship" would be defined in the bill. But I cannot find any definition in the bill.

Mr. Chevrier: What I had in mind was that it was defined in the regulations, wherein a ship was defined as a ship of 1,000 gross registered tons or over, or designated as being capable of being so used, and I have presumed that when we pass an order in council under this legislation we will use the same definition.

Mr. Green: Is it the intention that the bill apply only to great lakes ships, or will it apply to deep-sea vessels on the coastal trade?

Mr. Chevrier: It is the intention to apply it to all ships of 1,000 gross registered tons operating in Canadian waters.

Mr. Green: Why is it necessary to apply this to coastal ships? As I understand it the whole problem surely revolves around the wheat trade and the only place in which ships have to be controlled is in the great lakes. Now why not restrict the control accordingly, rather than have this over-all control?

Mr. Chevrier: That is a matter I think which should be discussed with the transport controller.

Mr. Howe (Port Arthur): Two or three years ago we had a very serious problem in moving coal from Sydney into the St. Lawrence ports and the transport controller had to allocate ships to undertake that movement. Any bulk movement taking place in Canadian waters should I think be properly subjected to the jurisdiction of the transport controller. If you do not want him to exercise control on the Pacific coast then I have no objection to striking it out. It is of no interest to me, but I think the shipping companies would be happier if they were able to call upon the transport controller when necessary.

Mr. Green: There is one feature in this bill which I think requires further consideration. The Minister of Transport has rather intimated that this is an emergency measure, and now the Minister of Trade and Commerce has intimated that he thinks it might be a good thing to carry this right through, and the bill itself is only for a period of two years.

Mr. Howe (Port Arthur): We think it will be a good thing for that period.

Mr. Green: Is it the government's intention that this will be a permanent form of control, or is it to be merely temporary?

Mr. Howe (Port Arthur): That is a matter which will be decided two years hence.

Mr. Green: The bill covers storage, but I do not see how the dominion government obtained the power to control storage under the British North America Act. I can understand them having the power under the Emergency Powers Act, and I can see where they might control transportation by ordinary legislation, but how does the government get control over storage?

Mr. Howe (Port Arthur): On grain.

Mr. Green: That cannot be the basis for legislation. Surely the control of storage comes under the provincial government.

Mr. Howe (Port Arthur): Not in the grain trade.

Mr. Green: But this bill applies not only to grain but to many other commodities such as sand, stone, gravel, logs, coal and coke. Could the Minister of Transport tell us how the dominion government obtained jurisdiction to legislate on the storage of commodities of that kind?

Mr. Chevrier: It certainly has jurisdiction over storage facilities which belong to the federal government such as elevators, wharves, piers on which are built transit sheds. The ships that operate from such points and which have not been covered thus far are ships which carry commodities from these points. My hon. friend may have raised a legal point of some significance but all I can say is that this bill was subjected to very careful study by the committee presided over by the Minister of Justice, and

I am sure the bill was examined from that angle. But all I can say on the point raised is that the facilities now used are facilities over which we have jurisdiction.

Mr. Macdonnell: Mr. Chairman, let me point out that the minister has not given a categorical answer to this question. We have had 25 minutes, if my reckoning is correct, to consider this important measure, and it seems to me that the matter is not quite so vital that we should rush it through now and find out afterwards that something was overlooked. It is conceivable that the justice department overlooked that point.

Mr. Howe (Port Arthur): On that question of storage, if the suggestion is that storage was used which was not under government control then the transport controller could not attempt to exercise control and his jurisdiction could be challenged. Practically all bulk commodities use government facilities for storage, though grain is stored under public authority. The use of storage is a matter which the transport controller has to decide. He might perhaps allow American grain to be shipped through a Canadian elevator under the jurisdiction of the board of grain commissioners. But that question is for him to decide and he must decide whether the storage space is more urgently needed for Canadian grain.

Mr. Green: Would it be possible to cut down some of these articles listed under section 2?

Mr. Howe (Port Arthur): If it is possible why is it necessary?

Mr. Green: Simply for the reason that I do not think the dominion government has very much business attempting to take over the control of the storage of such things as coal, logs, sand, stone and gravel. I think this is a case of taking over wider powers than are required. The main objective, of course, is to control the grain and to that there is no objection, but I suggest that consideration be given to narrowing down the list of goods which come under control. I think control is largely a matter of suggestion. I know the transport controller simply suggests that such and such a thing be done, but in so far as government facilities are concerned, or government wheat, any government official designated could control them. Such an official would not necessarily have to have transport control. However, is it not possible to cut down the number of commodities which are to be made subject to control?

Mr. Howe (Port Arthur): It is possible to do without the bill altogether, and it is possible to put in wheat and nothing else.

If my hon. friend wants to make a motion that anything be struck out, and if that motion carries the approval of the committee, I will not object as long as he leaves wheat and iron ore in it.

Mr. MacInnis: Mr. Chairman, I am wondering whether it would be possible to have control of one commodity. Is it not a fact that if the controller is going to issue an order for the transportation of wheat or of grain, then the other commodities that are being transported at that time have to give way to the transport of wheat? It seems to me that it is quite impossible to have it apply to grain only, although the minister said he was quite willing that it should. I do not think his judgment in this case is as good as it usually is. I think it would be quite impossible to have it refer to only one item such as grain. If there are plenty of ships to take care of all the grain, then no order need be issued. But if ships are being used for the other commodities mentioned in this bill and if those ships are wanted for grain, I think those other commodities will have to give way and give priority to grain. That is the whole purpose of the bill, so far as I can see.

Mr. Howe (Port Arthur): Mr. Chairman, if I may, I should just like to clear up that point. I say that the bill, as it is, is a desirable bill. My sole interest in the transport controller happens to be in connection with the movement of wheat. I therefore say that I would not object if the committee wants to cut out other items. However, I am sure other people would object.

Mr. Knowles: The minister's interests are not so narrow.

Mr. Howe (Port Arthur): As I say, I do not know of any other government officer whose work has been as well received by everyone as has the work of the transport controller. He knows his job. He has taken care of every commodity that needed to be moved. If someone wants to move rock salt—and there is quite a bit of that commodity moved —he provides boats for the movement of it. If someone needs to move coal from Cape Breton island up the St. Lawrence, he finds boats for that movement. He uses his best judgment to divide the boats between the movement of wheat and the movement of iron ore and to see that they are moved at the proper season. There has been some question about it but in the end everybody has been satisfied. I think it is a perfect bill as it stands. It simply provides for carrying out the duties that have been imposed upon him for several years. I think the bill should pass.

Mr. Nicholson: Mr. Chairman, I was going to express some of the ideas the minister has advanced. Hon. members on this side of the house are glad to find reasons to criticize the government, but I do not think any member of any party has been critical of the outstanding job the controller has done. When the problem at Rama was brought to the controller's attention, namely that Rama farmers had not been able to deliver the five-bushel quota, action was taken immediately and additional cars were sent there. If this grain is going to be moved to the overseas market when ships are available he has to have authority to hold up the movement of pulp or gravel or some of the other things if the wheat is to move. I think the fact that opposition members have not had many critical remarks to make with regard to the work of the transport controller would indicate that it would be an extremely unpopular move if this legislation should be killed.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read the third time?

Mr. Howe (Port Arthur): Now, and I so move.

Mr. Knowles: By leave.

Mr. Speaker: Is it agreed that, by leave, this bill be now read the third time?

Mr. Knowles: By leave.

Mr. Speaker: Agreed.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow and Friday we shall take the estimates of the departments of defence, justice, secretary of state and mines and technical surveys.

Mr. Knowles: All of them?

It being fifteen minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, May 20, 1954

The house met at 2.30 p.m.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 449, for the relief of Francis Walsh.—Mr. Hunter.

Bill No. 450, for the relief of Hilda Anne Darke Marshall.—Mr. Hunter.

Bill No. 451, for the relief of Claude Raphael Sacchitelle.—Mr. Hunter.

Bill No. 452, for the relief of Isabel Mary Peebles Brown Macartney-Filgate.—Mr. Hunter.

Bill No. 453, for the relief of Wilfrid Lavoie.—Mr. Hunter.

Bill No. 454, for the relief of Joseph Edgar Emilien Landry.—Mr. Hunter.

Bill No. 455, for the relief of Joseph Victor Gerard Fontaine.—Mr. Hunter.

Bill No. 456, for the relief of Jeanne Robert Hotte.—Mr. Hunter.

Bill No. 457, for the relief of Heneault Champagne.—Mr. Hunter.

Bill No. 458, for the relief of Leopold Ruel.—Mr. Hunter.

QUESTIONS

TOURIST EXPENDITURES

Mr. Nicholson:

What have been the expenditures per capita by tourists for each of the last five years by (a) Canadians in the United States; (b) United States citizens in Canada?

Mr. Lesage:

(a) Average expenditure per visit by Canadian (long term—i.e. more than 48 hours) travellers in the United States.

1949, $65.94; 1950, $74.91; 1951, $85.08; 1952, $88.47; 1953, $85.87.

(b) Average expenditure per visit by United States (long term—i.e. more than 48 hours) travellers in Canada.

1949, $56.89; 1950, $57.77; 1951, $53.12; 1952, $50.76; 1953, $52.06.

EXTERNAL AFFAIRS

GENEVA CONFERENCE—SOUTHEAST ASIA PACT—POSITION OF CANADIAN GOVERNMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Prime Minister. Could he say whether there have been any communications between the United States government and the Canadian government with respect to President Eisenhower's reference to a southeast Asia pact, without the participation of Great Britain? Can he tell the house what the attitude of the Canadian government would be toward such a proposal?

Right Hon. L. S. St. Laurent (Prime Minister): No, there have been no communications with Ottawa about that. I would not like to say there have not been any discussions between our delegation at Geneva and other delegations there. But there have been no communications sent us here in Ottawa; and unless and until there are communications the government is not going to make any decision.

Mr. J. H. Ferguson (Simcoe North): In view of the great importance of the statement of the President of the United States regarding the discussion of the formation of a southeast Asia bloc, irrespective of the attitude of Great Britain, I believe it is opportune for the Prime Minister—

Mr. Speaker: Will the hon. member be good enough to put his question?

Mr. Ferguson: Will the Prime Minister let the house know whether any word has come from the European conference in which Canada is participating of any discussion of this matter?

Mr. St. Laurent: Perhaps the hon. gentleman would indicate what matter he is referring to.

Mr. Ferguson: I am sorry if the Prime Minister did not hear me. But I emphasized the importance of the matter mentioned by the President of the United States in his statement on the formulating of a bloc for southeast Asia which would not include Great Britain. The statement was recently mentioned in the press that General Eisenhower, the President of the United States, had referred to that important matter. I was wondering whether the cabinet is aware of every step and every discussion regarding this important matter. If so, will the Prime Minister let the house know and see that we are constantly kept in touch with those discussions, even if they are being held in Geneva?

Inquiries of the Ministry

Mr. St. Laurent: The Canadian government receives a lot of information, but I have not been in Geneva and I would not be prepared to say that we are informed about everything that is going on there. There is more going on in private discussions and private conferences than is going on in the public meetings, and there is perhaps more reported in the press than actually takes place. I do not think it would be at all helpful for me to try to express to the house my own personal views. This matter has not been considered by the government with a view to reaching decisions because we are not yet in a position where we are called upon to make decisions. If or when decisions have to be made, as I have already stated more than once in the house, if they involve further commitments recommendations will be brought to the house and the house will have an opportunity of discussing them before the government undertakes to commit the country further than it is committed at the present time.

Mr. Ferguson: May I ask a supplementary question? Will it be in the hands of one minister, the Secretary of State for External Affairs (Mr. Pearson), to decide that in his opinion matters are important enough to inform the government and possibly the people of Canada of what is actually being discussed? Will it be left to his discretion alone? Things seem to be important enough to inform us of what is going on.

Mr. Speaker: Order.

Mr. St. Laurent: I do not think there is anything I can add to that. The government has confidence in the Secretary of State for External Affairs. The Secretary of State for External Affairs is informing the cabinet of everything upon which he feels the cabinet should have information.

Mr. J. G. Diefenbaker (Prince Albert): I wonder whether the Prime Minister will tell the house what attitude Canada has taken with reference to Mr. Eden's five-point policy in Geneva in connection with Far Eastern questions? Certainly the Prime Minister can give information like that to the house.

Mr. St. Laurent: I am not in a position to give any information to the hon. gentleman. As I told him yesterday, the Secretary of State for External Affairs will be back here at the beginning of the week, and I think he is apt to suggest that he meet with the members of the committee on external affairs to inform them in confidence as fully as can be done of everything that has been taking place there. I think the hon. gentleman will probably feel, as I do, that there are at Geneva situations of very great delicacy, and I am not at all sure that all the publicity that there has been in the newspapers and magazines and in the comments on the radio has been helpful in that connection. I think it would probably be agreeable to the hon. gentleman to meet with the Secretary of State for External Affairs in an informal in camera discussion so that he might be fully informed without there being the occasion for these further comments. I do not think I should here add anything more.

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, in the light of the Prime Minister's statement a few moments ago to the effect that the publicity on the Geneva conference has not been helpful could he explain to the house why he feels the public should not be kept informed of important happenings of this nature?

Mr. St. Laurent: I think, Mr. Speaker, the answer is obvious. They are all working at Geneva toward the same objective but unfortunately over quite a long period of time they have not been able to come to an agreement as to what would be the best method to reach that objective, and I do not think it is helpful to exaggerate the differences of opinion which may exist between them as to what would be the best method of reaching the goal each one of them is very anxious to attain.

Mr. Hamilton: Mr. Speaker, I would like to ask a supplementary question.

Mr. Speaker: We have already had six or seven questions on the same subject and it seems to me that that is tantamount to debating the question. I would imagine that we could perhaps carry on with a different subject. I do not wish to curtail hon. members in asking questions but we have already had questions on this subject from the hon. member for Winnipeg North Centre (Mr. Knowles); two by the hon. member for Prince Albert (Mr. Diefenbaker); two by the hon. member for Simcoe North (Mr. Ferguson); and one by the hon. member for Notre Dame de Grace (Mr. Hamilton). The Prime Minister has indicated that the matter will be dealt with on a future occasion, and I do not see what we can gain by asking further questions on the same subject at this time.

LABOUR CONDITIONS

UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to ask a question of

the Minister of Labour. Referring to the statement issued yesterday by his department and the dominion bureau of statistics, in which it was stated (1) that the number of those seeking employment had increased by 47 per cent during the past 12 months—

Some hon. Members: Question.

Mr. Hees: —(2) that the number of those out of a job had increased by 80 per cent during the past 12 months—

Some hon. Members: Order paper.

Mr. Speaker: Order.

Mr. Hees: —and (3) that of those who are working, 40 per cent are on part-time, working less than 35 hours per week compared to only 6 per cent on part-time a year ago—

Some hon. Members: Order.

Mr. Speaker: Order. Perhaps the hon. member did not hear me calling him to order. I realize of course that there was some noise in the house. I was trying to make my voice heard to point out to the hon. member that perhaps he has forgotten that he should have addressed himself to the chair. Had he done so he would have seen me on my feet and would not have continued to read his long question, in which he was trying to give information rather than ask for it.

Now, I do not know that hon. members heard the question. Perhaps if we could have silence we would ask the hon. member to repeat it. He will have to rise again to do so; and I hope this time he will look at me.

Mr. Hees: Mr. Speaker, the second part of the question was—

Mr. Speaker: Order. I have not heard the first part up to this time. And I do not know that the minister, who may be called upon to answer it, has heard it either. I suggest the hon. member should repeat his question.

An hon. Member: Order paper.

Mr. Hees: My question is this: referring to the report yesterday given by the minister's department and the dominion bureau of statistics referring to the unemployment situation in Canada, does the minister not consider this trend toward increasing unemployment to be serious; and what are the government's long-term plans to counteract this serious situation.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I think the first part of the question need not be answered at this time. And, as to the second part: I shall discuss that matter on my estimates.

Mr. Roland Michener (St. Paul's): Mr. Speaker, may I ask the Minister of Labour a supplementary question concerning the same report. Does the government consider it to be the responsibility of the municipalities or the provincial governments to provide maintenance for a large number of those unemployed who are able and willing to work at this time but who cannot find employment, and whose unemployment insurance benefits have run out?

Mr. Gregg: I will have to take that as notice. Perhaps I might add to that, however, that if my hon. friend will give me places and numbers it will help in answering the question.

CANADIAN NATIONAL RAILWAYS—SYSTEM-WIDE LAY-OFFS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport? In view of continuing lay-offs by the Canadian National Railways is there any statement the minister can make to assure railway workers that further lay-offs are not in prospect?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the last time I was asked to make a statement here I believe I said something to the effect that some 1,500 men had been laid off. Since then I know that an additional number has been laid off because of a decrease in the traffic on the Canadian National Railways. The reason is the same as that which I indicated before, namely, decline of traffic, that is, the interconnections which the Canadian National Railways make with United States railways in so far as traffic is concerned have diminished; but the position of the Canadian National is in no wise different from that of the United States railways. In fact, the employment position is far superior in the Canadian National to that of the United States railways. I have been so informed by our officers, and I think it compares favourably with if not better than that of the Canadian Pacific Railway.

Just as soon as traffic conditions permit, the men who have been laid off will be taken on again.

Mr. Knowles: May I ask a supplementary question? Is the minister in a position to give the present figure that compares with the figure of 1,500, which he gave on February 11?

Mr. Chevrier: Yes, to that I think should be added another 600 men who have been laid off across Canada at the various regions in which the railway operates.

Inquiries of the Ministry

Mr. Knowles: Does the minister feel that we are at the end of these lay-offs?

Mr. Chevrier: I hope we are.

INQUIRY FOR RETURN

DOMINION STEEL AND COAL—FEDERAL PAYMENTS

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I draw the attention of the Secretary of State to sessional paper No. 191-A of May 18 which I consider to be incomplete? I asked a series of questions. I am not going to take the time to read them. Three of the questions that I asked are not answered except for the very brief observation: "Department have no information." I have had returns previously year by year on the same subject, and if the Secretary of State will look into the matter he will find that this return is anything but complete.

Hon. J. W. Pickersgill (Secretary of State): I will be glad to do so, sir.

ST. LAWRENCE SEAWAY

INQUIRY AS TO EMPLOYMENT OF ENGINEERS

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to direct a question to the Minister of Transport in regard to a radio broadcast this morning which said that some 50 or 60 engineers were required for the St. Lawrence ship canal project. Will the minister say where the head office and employment office of that project will be?

Hon. Lionel Chevrier (Minister of Transport): I am not aware of the report to which my hon. friend refers. Dealing with the last part of his question, the entity which has to be appointed by Canada has not yet been established, but the public projects branch of the Department of Transport having to do with the St. Lawrence seaway was moved many months ago to the city of Montreal, and an office has been set up there. I know that a number of engineers are required for assistance in connection with the Lachine, the Beauharnois and the international rapids section of the project, but as to the number I am unable to say at this time.

PARLIAMENT HILL

DIPLOMATIC CORPS CARS PARKING IN RESERVED AREAS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I direct a question to the Acting Minister of Public Works? I do not know who he is, but has it been brought to his attention that for some time a number of cars bearing diplomatic corps licences have been occupying parking space in the parliament grounds here, reserved for tourists and others.

Hon. W. E. Harris (Acting Minister of Public Works): Mr. Speaker, it has not been brought to my attention but it might have been to the attention of the minister. I shall look into it.

MEAT

ALLEGED INFRACTIONS OF PACKING REGULATIONS BY THREE TORONTO FIRMS

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, I would like to direct a question to the Minister of Agriculture (Mr. Gardiner) or in his absence to his parliamentary assistant. Has he or his department received a report from the mounted police on infractions of the meat packing regulations by three Toronto firms?

Hon. W. E. Harris (Acting Minister of Agriculture): No, Mr. Speaker, I have not, but I shall look into the matter.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

239. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $300,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of the section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $4,577,641,724 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $2,711,822,159 will come due for payment in future years), $1,865,819,565.

The Chairman: Hon. members will find the vote on page 36 of the blue book, and the details commencing on page 287. Vote 239. Shall the resolution carry?

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, in opening the general discussion on this item I express the hope that hon. members will agree that following the conclusion of the general discussion we should proceed to the discussion of the details in the same way as has been done in previous years. Hon. members have already had placed before them a white paper called "Canada's Defence Program 1954-55" and it is not my intention to go into any of the details covered in that white paper which, I believe, gives more complete and detailed information about our national defence than we have ever had submitted before, and also I believe as complete information as has been made available in any country.

What I should like to do, Mr. Chairman, is to bring up to date the examination of the international position from the defence point of view which I undertook to set out, in my speech here on November 26 of last year. I should particularly like to consider, and endeavour to arrive at a clear meaning of some of the expressions which have been bandied about in recent months. I refer particularly to expressions such as "massive retaliation", "the new look" and the "long pull". It is very important, I believe, that as we consider these expressions in the light of recent events, particularly those relating to Indo-China, we should carry out these considerations against the background of the events of recent years.

We should remember that it is only six years ago that Czechoslovakia, that gallant country, was brought behind the iron curtain, and it was only five years ago that the free nations decided that rather than fall separately they would stand together and they entered into the North Atlantic treaty. During that period they have built up their strength and the progress made is indeed remarkable, whether it be viewed from the point of view of political organization, military planning, military command, or actual physical forces in the field.

The history of the world shows nothing to match it. Today we have in NATO a team of fourteen nations with effective forces trained and working together to improve their quality as well as their quantity. That this effort has succeeded is indicated by the fact that during that period we have had no general war, and one of the major contributing factors to that result has unquestionably been the steady progressive build-up of strength, actual and potential, by the North Atlantic Treaty Organization. This policy of playing it from strength, which was agreed to five years ago on April 4, 1949, has paid dividends in terms of peace and security. The cost has been heavy but not heavy compared with even a fraction of the cost of a general war.

Now, sir, while this policy has worked, it cannot be said with any confidence that there has been any change in the fundamental objectives of the Soviet union and those allied with her, the satellite powers. There has been a change in attitude, in behaviour and perhaps in manners. People are now invited out to dinner, and Mr. Vishinsky may cross the floor of the United Nations and exchange a joke with our Secretary of State for External Affairs. It may not be a very good joke; however, the fact that he does it indicates a change of manner and method, but no change in fundamental objective is apparent anywhere, and the North Atlantic treaty nations at their meeting in Paris affirmed their decision to continue to build up their strength on the assumption that there was no change in the fundamental Soviet objectives of imperialism and aggrandizement.

Against that background the secretary of state of the United States, the Hon. Mr. Dulles, made a very important speech at New York on January 12, this year. In that speech he said:

> Local defence will always be important. But there is no local defence which alone will contain the mighty land power of the communist world. Local defences must be re-enforced by the further deterrent of massive retaliatory power.

That expression "massive retaliatory power" or "massive retaliation" has been discussed and debated here as elsewhere ever since. I do not propose to follow the course of the debate we had on external affairs which was so largely related to consideration of this topic, but I should like in the first instance to refer to this from the military point of view.

Since that speech the world has become conscious of the fact that we now have a new and far more deadly and dreadful instrument of mass destruction, namely the H-bomb. This bomb has an explosive power which, it is estimated, may amount to five hundred times, or even more, that of the first A-bomb dropped at Hiroshima in 1945. Furthermore, this bomb is expensive but it is relatively easy to make. There is no reason why any powers having modern industrial know-how and engineering and scientific skills could not make the bomb.

We know that the Russians had an explosion of a thermonuclear character of a very advanced kind. In addition to the power of the bomb we know today that the United States has a stockpile of A-bombs which is equal in explosive force to the power of all the bombs and all the shells from aircraft or

guns used in every theatre of war in the second world war. We also know that the United States has aircraft—B-36 heavy bombers and B-47 jet bombers—with the ability to deliver these bombs in quantity. Likewise we know that the Russians have A-bombs. We know that they have had a thermonuclear explosion and that presumably they will go on—if they have not done so already—to have H-bombs. We know that they have medium bombers with the capacity to reach any part of North America, and we now know that they have jet bombers of medium and heavy types. Whether or not they have them in quantity remains to be seen.

We are therefore confronted with a relatively new situation in military affairs. The H-bomb is so much more powerful than was the A-bomb that it constitutes a weapon of a different character. Whatever one may think about its existence, we must recognize it. One may deplore the existence of the H-bomb. I deplore it. But the fact is that it does exist. One may deplore the fact that such a dreadful instrument of destruction has been brought into the world. But still, since the only potential enemy has within his control that destructive power and also has the ability to employ that destructive power, we can be grateful that our great, gallant and friendly ally, the United States, has it too—has it in larger quantities—and probably had it first.

I think there can be no doubt that the possession of this power of mass destruction is a powerful deterrent to war. There can be no doubt of that fact. Whether that will be the result remains to be seen. The consequences of the employment of an H-bomb or a number of A-bombs, with their destruction of the means of fighting, of cities and communications and the possibility that this rain of destruction may be launched on one's country, would certainly lead one to think a good many times before starting out on the course which would lead to that employment. I therefore believe—and I think this is generally recognized—that the possession by the United States of both the new weapons and the power to deliver them is a powerful deterrent to aggression. That having been said, it becomes evident at once that the ability to deliver the bombs is something which is fundamental and essential to their deterrent character. Unless the United States can deliver the bombs they might just as well not exist. Hence the ability of the United States to deliver the bombs becomes a matter of the most urgent and primary importance in the preservation of peace. That ability must be protected. This consideration brings into focus and gives new emphasis to the whole question of continental defence.

Before I go on to deal with continental defence I should like to make one or two further observations about the employment of the new weapons as a deterrent to aggression. It may well be that their destructive power is so immense that they would be of little or no use in a limited war, even as a deterrent; because once one side uses a new bomb—an A-bomb or an H-bomb—the other side will almost certainly be triggered to an all-out effort, not knowing what is involved. Hence it may well be that the existence of these weapons is not going to prevent limited or small wars or put an end to them. It is within the recollection of all of us that the possession of the A-bomb did not deter the North Korean invasion. It did not prevent the entry of Chinese volunteers into North Korea. It did not deter the conquest of China. It did not prevent the Berlin blockade. It has not stopped the war in Indo-China. Consequently, it may well be that the very existence of these weapons, and the fact that they can be used only if you think an all-out war is about to begin, is begining, or has begun, may increase the area in which we may have relatively small wars, pressure areas and the like—such as we have seen in Korea and Indo-China.

As I shall point out later, far from putting an end to the need for weapons of a conventional nature, I believe that the A-bomb and the H-bomb have if anything probably emphasized that need. We have just had a meeting of the chiefs of staff of all the North Atlantic treaty nations at Paris. Their purpose there was to consider the effect of the new weapons on all-over strategy and tactics. I know that I am breaking no confidence when I say that it was not suggested there that the existence of these new weapons would lead to any sudden reduction in quantity, quality or cost of conventional weapons. The fact is that we hardly have today in NATO the minimum quantity of weapons, planes, equipment, trained officers and men and communications to do the job of even enabling the employment of the new weapons through bold planning, and causing concentrations so that the new weapons would have a useful target, also of preventing the only potential enemy from overrunning Europe irrespective of where bombs were dropped.

I think I am right in saying that no nation, no national leader, no minister of defence, no chief of staff has so far suggested that the existence of and the ability to employ the new weapons should decrease

what we have of conventional weapons because what we have is the minimum required to enable us to do the job. That job is to permit the employment of the new weapons strategically and tactically and also to protect the ability to use them.

As part of that protection we have built up in North America a very important system of defences against air attack. This now goes under the name of continental defence, and you can see that with the Americans having bases in North America as well as elsewhere throughout the world they—or any other country that has atomic weapons and the capacity to deliver them—must be protected from air attack. This is becoming an increasingly important part of the joint activities of Canada and the United States in planning and carrying out our air defences. I dealt with this at some length on November 26 and I do not want to go over the same ground again, but I would remind hon. members that the components of any system of air defence consist, from the air force point of view, of radar to pick up and lead to the identification and interception of enemy raiders, a system of communications which instantly gives the intelligence received from the radarscope to fighter command, to enable the quick scrambling of the squadrons, and finally squadrons of fighter aircraft able instantly to get into the air and carry out an interception.

A good many hon. members visited St. Hubert R.C.A.F. station this session and saw there the air defence command headquarters for Canada. That command is operational today 24 hours a day. It receives intelligence of every aircraft coming under surveillance at any one of the radar stations. That aircraft is identified either as a friendly aircraft because it has filed a flight plan, because of its characteristics, or because we see it, or is not identified—in which event the fighters are scrambled and carry out an interception. Just last week at a radar station not far from here I saw interceptions carried out from the control room of the radar station to which had been hooked up the telephones of the pilots, of fighter command, of the radar operators, and of the plotters. These were hooked up to loudspeakers so that from the station we could hear the whole battle being carried out, and within a very few minutes the interceptions were successfully completed.

This system, as planned between the United States and Canada, is now more than 90 per cent complete and operational. These interceptions are carried out daily, night and day, in operations against B-36's and B-47 jets which have come over on simulated raids without the knowledge of the stations. The percentage of kills as they were counted in these exercises was extraordinarily high compared with any experience in the second world war. It was not 100 per cent but it was above 90 per cent indicating a very successful operational state.

This is, I say, in operation today and the whole system as planned between the United States and Canada will be in complete operation by late summer or early autumn. The communications are hooked up so that within seconds or a minute or so of an aircraft being found on the radarscope at one of the radar stations the intelligence of that is received at air defence command and at Colorado Springs where the United States strategical air force is located. Communications are in effect on a 24-hour basis.

It is very risky for people charged with defence to make a prophecy. All we can do is to give opinions and not give assurances, but this system of defence against air attack has reached the stage today where if I were in charge of the Russian air force and were aiming to reach important targets in the United States I would not go across the lines of these radar defences. I would go some other way, and there are other ways.

I have mentioned 90 per cent. That is a figure which I have cited for purposes of illustration, but that is not enough when you are dealing with A and H-bombs. We cannot get 100 per cent—I am sure of that—because of the size of the country, the difficulty of carrying out construction and the tremendous cost in terms of men, equipment and money. However, we do need more early warning. We need it not only in order to carry out interception but also in order to economize on manpower. The first step towards having additional early warning has been announced in the construction of a new chain across Canada, north of the existing one, to use equipment which has generally been known as the "McGill fence" equipment. The purpose of this is to give additional early warning.

We have also had under consideration by scientists and military experts in the United States and Canada additional means of having early warning, and no doubt additional steps will be taken from time to time. This is an exceedingly costly operation. When we were up in the Arctic four weeks ago I was astonished to find that to keep a weather station employing nine men going took 340 tons of supplies a year, and that involved 30 round trips of a North Star aircraft from Resolute Bay to wherever the station was. It

also involved getting the supplies to Resolute by aircraft or ship. When we have to use 30 round trips of a heavy transport over these immense distances to supply a station employing nine men you can see how tremendous will be the task of increasing our defences in the far north. However, I am sure that more will have to be done and that it will be done.

I should add that to supplement the work of the air force against air attack we now have organizations of ground observers across Canada. There are now 65,000 volunteer members of this corps.

In addition to what is generally called active defence, that is defence by the armed forces against air attack, we have to consider also our position with regard to civil defence. The immediate responsibility for civil defence rests, of course, with the Department of National Health and Welfare, and the provincial and municipal authorities. There has been some tendency by some people here and elsewhere to take the view that the destructive power of the H-bomb makes civil defence measures futile. Nothing could be further from the truth. For one thing the number of targets sufficiently important to justify the use of the H-bomb is limited. Moreover, the new weapons put even greater emphasis on planned measures for dispersal and evacuation. Our plans must continue to receive the closest examination in the light of all the circumstances, but the planning and organization of civil defence measures must be pressed forward.

To meet the situation that would be created by an H-bomb falling on a big city, there is no doubt that all the available civil defence resources must be developed and mobilized to the fullest possible extent. These local measures will have to be supplemented in turn by all the civilian resources and facilities of the surrounding area, and where those prove insufficient, by all the resources of our military personnel and equipment: navy, army and air force, active and reserve. So far as our military forces are concerned, if civil defence should need their help, the only higher priority demands on their services would be actual defence of the continent against landings by enemy forces, which are not now expected on any considerable scale. Training for action overseas would be of little use until the situation had been stabilized at home.

Now, Mr. Chairman, I have dealt with the question of massive retaliation, what is involved in it, what we are doing by way of continental defence, as well as what more is planned. May I now have a look at another of the phrases, "the new look". What is meant here, of course, is that over the last year in all of the NATO countries there has been a re-examining of the defence programs in the light of our experience over the last three years, and also in the light of what is involved by the new weapons. I should like to go back and remind you that the first time that the North Atlantic treaty defence ministers arrived at a plan was in October 1950 when we met at Washington. We worked out an estimate of the potentialities of Russia, an estimate of the requirements to deter Russia from attacking, an estimate of the time that would be taken to build up those forces. We then agreed upon the allocation of those forces amongst the nations and we made military plans to carry through the whole operation.

Later, at other meetings of the North Atlantic council and of the NATO defence ministers and chiefs of staff, those plans were looked at and revised in the light of our experience. It is no secret that at one stage reference was made publicly to a force of something like 98 divisions and 10,000 aircraft. Gradually it was found that to have a force of anything like that character would be beyond the peacetime capacity of the allied nations, unless they were prepared to run grave risks of seriously injuring their economies and making their economic strength weaker than was necessary to support the military effort. At Paris, in 1953, this situation was examined in detail and the council members further adapted their thinking and their plans from the sort of "crash" thinking with which we had begun, to what would be involved in "the long pull".

In Canada, as in other countries, we have been carrying on this operation of review ever since the beginning. While the program I announced in this house on February 5, 1951 was a three-year program, and while that was the period adopted by all the NATO countries for planning purposes, that did not mean that our plans stopped as at March 31, 1954. We have planned right through for years ahead, and I shall make this evident in just a moment. We have had our plans under constant review ever since the second world war ended, and even before. Now that the three-year period ending March 31, 1954, has been completed, it becomes of interest to hon. members to look back over the three years and see what has been accomplished.

Let me indicate something of what is involved in military planning today. Last year, as in every year, we examined our aircraft requirements—but we have carried this through now until 1960, seven years ahead. The reason for doing this for so long a period ahead is that it may take about seven or

eight years to develop a new, supersonic aircraft of the type that will be needed to meet the threat of the attack that may be made in 1957, 1958, 1959, 1960 or 1961. We arrived at a list of the aircraft needed, at their specifications, their requirements in terms of altitude, speed of climb, radius, fire power, and then put a price on each aircraft needed.

In the year 1953-54, the financial year just concluded, we spent on aircraft for the R.C.A.F. alone a total of about $410 million. For the year 1954-55, the fiscal year in which we are now, the amount we will require to spend to meet our requirements on aircraft which we have ordered, and which are now well advanced in construction, will be over $425 million. The figure will increase, not decrease, year by year until it reaches a total of between $455 million and $460 million, then it will level off at about $450 million. Those figures are not to provide us with a complete new suit of aircraft; they are not to provide us with any additional aircraft of new types and for purposes not at present envisaged in our commitments; but those expenditures or expenditures of about that magnitude are necessary if we are to keep our air force at about its present strength in terms of quantity and quality, as judged by what is required from year to year. In other words, this is to cover the cost of an air force having 41 squadrons, the necessary maintenance and operational capacity, with its aircrew and groundcrew training capacities, to carry on operations of about the present scale, with squadrons of first-class aircraft built up to war strength with modest reserves. It involves of course replacement at the appropriate time of the F-86E Sabre fighter with a supersonic fighter, and it involves replacing the CF-100 at a suitable time with a supersonic long-range all-weather fighter, an aircraft that does not exist today.

This will give hon. members some appreciation of the magnitude of the role undertaken by Canada in the air, both abroad and at home. To appreciate just what is involved in this in terms of money, I can tell hon. members that to equip, to train, to transport and to maintain overseas for one year the original Canadian infantry brigade of 6,000 men the approximate cost was $60 million.

We also have overseas the first Canadian air division of the Royal Canadian Air Force, with 12 squadrons of Sabre fighters. To do a corresponding operation for them—that is, train, equip, transport overseas and maintain them for a year—costs $600 million, or ten times as much as for the Canadian infantry brigade.

If hon. members will look at the white paper they will see tables showing the proportion of the defence dollar spent, according to the different services. This information appears at page 56. It shows that for 1954-55 the navy would have 15·7 per cent, the army 23·6 and the air force 41·4, the balance of the defence dollar being spent on mutual aid, defence research and other purposes. Of the 80 per cent of the total defence dollar spent on the navy, the army and the air force, the air force is getting 52 per cent—a much higher proportion, very much higher, than in any country of the world. And this has been our policy, because we are a rich country, a country with great resources and with traditions of service in the air, as well as with the necessity for defending our country against air attack, and also a country with limited resources of manpower.

This plan we are working on is the deliberate policy started immediately after the close of the second world war, but accelerated greatly in 1950 when the new and expanded plan came into effect.

The effect of the figures I have just given on defence spending must be obvious instantly to hon. members. If we are to maintain our air force at about its present and planned strength, in terms of quantity and quality, it will require an expenditure of from $420 million to $460 million a year on aircraft alone. This means that 25 per cent of the defence dollar would be spent on aircraft, and that would leave 75 per cent for personnel, construction, equipment, operation and maintenance.

Of the $2 billion sought this year, $426 million will be needed for personnel costs, that is, the equivalent of civilian wages, $184 million for construction and $851 million for equipment of which, as I have indicated, half will be for aircraft. And for operations and maintenance the amount is $546 million.

So that it is all very well to talk about having "a new look" and facing "the long pull"; but "the long pull" and the "new look" are not going to result in very much in the way of economies or changes or savings or reductions, if we are to maintain our defence at its present strength and carry out our commitments. And the same is true of every country. So that when at the end of a three-year period the North Atlantic treaty nations have examined the results of their experience during those three years of rapid expansion and build-up, I feel sure that each one of them will reach the same conclusion we have—because it is inescapable—and that is that we cannot continue to expand indefinitely. Even to maintain our forces at

their present quality and quantity will take about the same amount of money we have spent during the period of expansion.

It must be realized that apart from construction—and we are well advanced in our construction work—there really is not anything in defence which is of a capital character. Every item of equipment ultimately becomes obsolete and must be replaced. In the case of aircraft, apart from transport aircraft and similar types, certainly all fighters and bombers are—as is said so often—obsolescent before the first one comes off the main production line. This is so in the sense that there is on a drawing board somewhere an aircraft which is going to be better—so much better that it will pay countries to bring it into production.

I do not wish to delay hon. members much longer, but there are one or two general observations I would like to make about the services by way of summarizing the figures and facts given in the white paper. In the Royal Canadian Navy we have had under construction about 88 ships, practically all of them of quite new types. Like other countries we have not been able to complete construction in all cases in the time planned. I think the record with the new anti-submarine destroyer escorts is creditable, when it is considered that these are ships of an entirely new design, and of extraordinary performance and complexity. We are I think at least level with, if not ahead of, other countries in the production of these ships; and our time of bringing the ships into commission from the time the keels were first laid down will, I believe, be shorter than the time for similar ships in other countries that are undertaking similar types of construction.

At the present time we have 58 ships in commission, of which 36 are committed to NATO. We have over 100 ships today either in commission or in reserve ready for use in the event of war. Those in reserve, of course, would have to be commissioned and manned. But that is carrying out our undertaking as given to NATO, right up to date.

As hon. members know there is still the army brigade group in Korea. This is the fourth group to be there. Altogether some 32,000 Canadians have served in Korea, in the Far East, and one out of five members of the armed forces today wears proudly on his breast the ribbons of service in the Far East during the Korean war—one out of five.

We have the first Canadian infantry brigade in its new quarters in the neighbourhood of Soest, in four magnificent camps. That, by any standard, is a fine formation.

It may interest hon. members to know that in the first Canadian infantry brigade 27 per cent are veterans of Korea, 35 per cent are veterans of the second world war, 16 per cent are trained and qualified paratroopers—although of course this is not a paratroop formation—and 40 per cent are married.

Some hon. Members: Oh, oh.

Mr. Claxton: I do not observe any cause for levity in that; I think it is a very fine percentage. The reason I mention the figure, if hon. members would only be patient, is to indicate something of the problems that have to be faced by having over 20,000 troops abroad in seven different countries all the time. We have to provide in Europe, at nine different locations, villages for Canadian wives and children and service personnel, and they are not small villages, they are not poor villages. They must have married quarters, schools run according to Canadian standards, equipped with Canadian equipment and staffed by Canadian teachers recruited through the co-operation of the provinces. They must have chapels, gymnasiums, recreation centres, rinks, and also they must have stores.

All this construction at the different centres in Germany will be completed by the autumn of this year. When they are completed, with one single exception, we shall have overseas in Germany and France the finest living accommodation and other services for members of the armed forces and their wives and children that we shall have anywhere or that I believe could be found anywhere in the world. This will enable us to guarantee to married personnel that they can have a home abroad for their wives and children just as in Canada. If you consider it for a moment, that is the only way it should be, and that is the way it is going to be.

So far we have carried out rotation in Korea and Germany exactly as planned, and we intend to continue to do so, but to do it will require very considerable numbers of forces in Canada. Altogether, to provide for the brigade in Korea, the brigade in Germany and mobile striking forces and units for rotation forces with the forces necessary to make up a first Canadian infantry brigade, it will take a total of 15 infantry regiments. Those regiments now exist and they are well up to strength. They are well officered and well manned.

Hon. members have been interested in the study being made of the reserve army, and I propose to deal with that when we come to the item on the reserve in the detailed estimates. It is also proposed at that time to deal with a lot of other points which could more conveniently be dealt with at that time.

With regard to the R.C.A.F., I think I have described the situation so that you can see the picture. I should like to say a word about the F-86E and the CF-100. The F-86E is now being equipped with Orenda engines. Those provide at least 25 per cent more power than the F-86E equipped as formerly with the General Electric engines and are I believe by all odds the most powerful and effective aircraft in quantity production and in use by a number of squadrons in any country today; but they in time will be replaced by a new supersonic fighter. The CF-100 is now being produced in quantity in the mark 4 and it is being shipped to squadrons. They are being equipped and trained, and this has proven capable of meeting all our requirements.

Altogether we now have in the armed forces about 113,000 officers and men. The planned target was 120,000. We hope to secure that target shortly. If we do not, it is no particular cause for concern because we are at a very high proportion of our planned establishment. Most countries in peacetime do not go above 75 per cent of their planned establishments. We are well above that; and this last year we took into the armed forces about 25,000 officers and men, a very considerable proportion of the equivalent in terms of the 19-year-old age group in the total male population.

Some reference was made yesterday or the day before to our concern about wastage and re-engagement. The rate of re-engagement is satisfactory in Canada. It is more than twice as high as in the United States and much higher than in Britain. That is for equivalent personnel, voluntarily enlisted personnel. In the United States last year, one-third of the entire strength of the United States armed forces were separated from the forces last year. In Canada the equivalent figure was about one-seventh. We want to maintain our rates of re-engagement; we want to increase it if we can, but to say that it is a grave problem is a gross exaggeration. Relative to other countries we are in a singularly happy position. We would like to see it still better, because if we lose a man who has been trained, then of course we have to expend time and money in the training of a new one. However, there is one compensation. If a man leaves the forces after he has been trained, he remains potentially available as a fighter who can be retrained and brought to action much more speedily than a man who has had no training at all.

There are two further points I should mention about this as we approach our planned target strength for the navy, army and air force. The first is that wastage comes closer and closer to the intake until, when you get your full planned target strength of let us say 120,000—though this is subject to change; it may be increased a bit—there should be a balance. If 15,000 of the men leave the armed forces in one year we only need 15,000 to join, so that wastage matches the intake and the intake the wastage. That is the ideal situation to which one should strive and there is no doubt that we shall be there very shortly.

But there is another result when you get close to your planned target strength, and that is that your requirements for manpower become quite difficult to meet from the point of view of selection. You need only, let us say, aircrew or tradesmen of a certain class and qualification, so that you must limit your recruiting to the men who can meet the requirements of the particular classes in which there are or are going to be vacancies. That makes planning very much more difficult. We are, generally speaking, not at that point yet and perhaps we may not reach it during the calendar year.

I should say that the commitments we have made towards the build-up of the NATO forces in peacetime have so far been met on or in advance of the planned date. We have formed and furnished all the units that we have agreed to do. We shall be adding to the number of aircraft in each squadron and also we shall be putting in some additional supporting activities for the air division in Europe. We shall also, beyond any question, be increasing our contribution and our work on continental defence.

To do anything additional in the way of continental defence it will be necessary for us to meet the additional cost, and the additional manpower requirements out of what we have today, or else seek increased defence appropriations. I do not think anyone in this country wants to see any increase in defence appropriation. I should like to see a decrease, and it may be that by a further shaving here and there we will be able to do these additional jobs without any increase in appropriation or manpower. Certainly that is what I am insisting upon in our planning and in our program and I believe it can be carried out because of increased efficiency due to the fact that we have a higher proportion of officers and men in the armed forces using the new equipment which has been acquired for them.

In the three-year period we have not done everything we set out to do. No country has or could do that, but we have done substantially what we set out to do, and one of the extraordinary things is that the amount expended is so close to the amount originally

planned. The amount originally planned was, as announced on February 5, 1951, $5 billion. The expression was, "about a $5 billion program" and the actual cash disbursements over the three-year period have been $5,005,-479,000. But we have not got all that we planned for that expenditure. We have not all the ships, the construction, and the other types of equipment for which we planned, but we have done much more than four-fifths of what was planned three years ago for the estimated figure.

In conclusion, Mr. Chairman, may I say, first, that I do not believe we are going to have a war in the near future, but equally I do not see any sign of a change in the long-term objectives of the Soviet union.

Secondly, the planned build-up of strength of the free nations has been a major factor in preserving peace, and consequently it is only common sense that we should continue that effort for precisely the same reasons that five years ago led us to agree in common on this policy and plan.

Thirdly, we are nearing the end of the development of large classes of weapons. It is very hard today to build a gun better than the 25-pounder, or the 155 millimeter. The cost of any improvement in range or operational qualities is out of all proportion to the advantage gained in performance, and that is true of a very large range of weapons. We are entering into the era at last where there are already in operation guided missiles from ground to air and air to air, and their accuracy and efficiency will be increased. We may also be coming close to the time when the pilot of a fighter aircraft will not have much more to do than get the aircraft off and back on to the ground, so that by the time we have our supersonic fighters to replace the F-86E and the CF-100 it is at least possible that these will be the last aircraft to depend extensively on human beings, and we will then be in or very close to the age of the pushbutton. It has been a long time coming and it is still some distance off.

But we will never eliminate the human factor and that brings me to this point, that while the allies have made great advances, everything we know points to the fact that the Russians also have made great advances and we have no reason to believe that we can continue to be superior in science, research, engineering and production unless we continue to make even larger efforts in the field of research, development and production.

As we get into—to use a curious term—the very sophisticated types of weapons and aircraft, the cost increase is out of all proportion so that we must, while maintaining this effort, strive steadily for simplification, economy, efficiency, and standardization. When you get into the field of bombers, fighters, guided missiles, radar, anti-aircraft devices and the like your equipment is no good if the enemy has something which is even slightly better. Consequently, as I say, we must keep up the effort in research, development, engineering, and production, and strive steadily for economy.

Fourth, we will certainly see a build-up in continental defence as the importance of this increases with the necessity of protecting the ability of the strategic air command of the United States to deliver the A and H-bombs, that ability being an essential ingredient in the capacity for massive retaliation.

Fifth, the economic and financial considerations involved in defence planning today are going to become steadily more important. Not that they have not been important throughout, but a steady drive must be kept up and maintained to achieve the greatest possible economy in terms of men and money. This means that in our planning we cannot afford to make mistakes, because if you start out to develop a new aircraft you may be in for an expenditure of $125 million before you have a second aircraft off the line. Consequently, everything must be done having regard to the long term effort, and it must be done in the closest possible co-operation with our allies, particularly Britain and the United States. There I am happy to say that we have the closest working co-operation, not only with those two countries but with every country in the North Atlantic Treaty Organization.

Sixth, and this is perhaps the most important of all, in defence operation, possibly more than in any other operation mankind has to undertake, that operation must depend on the quality of the personnel, the quality of the leadership, and the quality of the men. We have been fortunate in having officers and men of good quality, but with the increasing complexity of weapons, the necessity for insisting on a high standard and getting it becomes even more urgent and important than ever before. So as we face the challenges of "the long pull," not the least important of these challenges is to find ways and means of maintaining the alertness, the professional skills, ambitions, and physical and mental abilities of the officers and men in our armed forces.

This becomes, as has been found in the United States where special studies have been made of it, a matter of their continuing to have the confidence and the respect of the civilian population. This is a matter of the

utmost importance if we are to maintain the strength of our armed forces; and that is something to which I believe they are entitled, by their records of service and by their records as civilians, judged by any standard you like. Their crime records are considerably lower than those for corresponding groups in civilian life; and that is as it should be.

Seventh and finally, this whole operation of facing the "long pull" under the threat of a war of total destruction requires stout hearts and a really great degree of understanding on the part of the civilian people. The *Canadian Unionist* published by the Canadian Congress of Labour in April, 1954 had this to say apropos of the H-bomb:

> The task of the individual, in spite of the threat of world destruction is, in Carlyle's words, "to do the task which lies nearest to hand," and, in the present circumstances, this means that we must simply do our work as well as we can, and let it go at that. We must try to be guided by the lessons of experience and the dictates of reason.

If we apply that statement to the national and defence fields, it is obvious that there is no ground for despair or discouragement or for doing nothing. It is obvious that we must continue to follow what we and the other nations have agreed is the right course in order to preserve peace and to maintain our security. But the A-bomb and the H-bomb force the nations of the world to try to find means of ensuring that they will never be used. It has been said that war is a failure in foreign policy; and foreign policy—understanding between nations—has become of greater importance and greater urgency than ever before in the history of mankind. From time to time specific problems occupy the international stage, as we have seen at Geneva over Indo-China. This crisis or that fills the headlines and the newscasts but no particular crisis should outweigh the preservation of the great alliance of the free world which is the fundamental bulwark of our own security.

Mr. Pearkes: Mr. Chairman, at the outset may I say that the official opposition will agree to the proposal made by the minister, namely, that after the general discussion on this department we shall proceed, as has been done in former years, to the discussion of the various details as shown on page 287 and the pages following, on the assumption that we take the main headings in each case, not every line of the details.

Mr. Claxton: That is agreed.

Mr. Pearkes: That will be a perfectly satisfactory way of proceeding.

I appreciate the minister's comprehensive background statement and review of the international situation which he said at the commencement it was his intention to give to us in order that we might see the defence viewpoint. He has dealt with a great many of the different problems. The statement he has made, coupled with the document "Canada's Defence Program", consisting of some 58 pages, copies of which were issued to us a couple of days ago, make it rather difficult to condense a reply into a comparatively few minutes. However, I made such notes as I was able to make during the minister's speech and I shall endeavour to follow the general broad lines upon which he presented this subject. Again I repeat that I think the committee will appreciate the time the minister has taken to give us this review and to make us aware of the difficulties which face his department. I am fully conscious of many of those difficulties. The magnitude of the problem has perhaps been driven home to us today by the astronomical figures announced by the minister from time to time. I feel almost as though I am endeavouring to reply to a budget speech right after the budget speech has been delivered instead of having a week in which to prepare a reply.

However, to deal with this general background, may I say this. It seems to me that at the beginning of this year we welcomed an armistice in Korea and felt that there was a slight improvement in general international affairs, with the result that we were given some hope that perhaps the strength to which the forces of NATO had been built up was really acting as an effective deterrent to any Soviet aggression. However, the events which have occurred more recently in Indo-China and also the difficulties which have been experienced in the international conferences which have been held at London and at Geneva underline the necessity for Canada to maintain an adequate defence program. The very successes which were achieved in the international field towards stability enhance all the arguments in favour of our continued participation with the other peace-loving countries in an effort to try to ensure that a lasting peace is brought about.

This party therefore will continue to support government programs to maintain adequate forces and effective measures for the protection of our country and for the fulfilment of our commitments abroad. Of course our concern must be whether or not the Canadian taxpayer receives full value for the huge sums he is being asked to provide for national defence. In his speech the minister referred to the fact that the cost of this insurance has been heavy. It has indeed been

heavy. We have been able to bear that heavy cost in recent years because Canada has been enjoying good harvests; there has been a ready demand for our surplus agricultural products up until now, and our industry has expanded its productive capacity to new records. The result has been that the burden of these defence appropriations has been less onerous than it would otherwise have been had Canada not been enjoying that degree of prosperity.

It has frequently been said, both in the house and by well-informed persons outside, that Canadian industry today is faced with more intense competition in the domestic and foreign fields than it has been in recent years, and demands for our surplus agricultural products are certainly less urgent than they have been in former years. Therefore for these reasons defence expenditures must be examined with the utmost care.

The burdens laid upon this country by national defence are heavy, even in relation to our immense resources. I think all of us would welcome some reduction in the amount of money voted for national defence. We would like to see some of this $2 billion utilized for other purposes, spent perhaps for social services and other purposes more attractive than armament. However, no degree of social welfare, no amount of education nor health services nor pensions is of the slightest use to the people whom they are intended to benefit if these very people are plunged into war.

The government's program for national defence is not perfect. But there can be no question of Canada abandoning her efforts, nor is it the intention of the official opposition to attempt to whittle down these estimates. However, the taxpayers' money may not be spent to the best advantage if wrong types of organization or equipment are adopted and if, of course, there is waste and unnecessary expenditure in the projects which are undertaken. Following what the minister has said this afternoon, this year seems to be a very appropriate time to examine whether the program which has been followed since it was announced in February of 1951 has fulfilled the purpose for which it was designed, has accomplished at the least cost possible the purposes for which it was instituted, and is in a position to be projected into future years.

In general terms there has been no major war and therefore we may assume, as the minister has assumed, that defence plans have been successful to the extent that they have deterred the enemy from going to war. I rather doubt whether they are in a position to be projected forward into the future. I question whether we have jockeyed ourselves into the best possible position for the next few years to come, and I will deal with that point in a few minutes.

When we entered into this defence program in 1951 it was then assumed that Russia would not know how to manufacture, let alone stockpile, the A-bomb. The only threat to Canada, as was mentioned time and time again, was some diversionary raid. I must call the attention of the house to the fact that time and time again we on this side stressed what is now referred to as the importance of continental defence. It seems to me that, putting aside the possibility that Russia could manufacture the A-bomb, we were rather prepared to say that United States bombers, having the A-bomb at that time, would be able to deal with any threat anywhere in the world which Russia attempted to initiate and which in any way resembled a world war.

The failure to appreciate the fact that Russia would have the A-bomb in a very few years led us into the policy of crash thinking of the past few years. The minister used the term "crash thinking" this afternoon. We built up what were then considered conventional forces to meet other commitments than the danger of continental attack. Because the emphasis in the past few years has been along the lines of crash thinking I suggest we are not in a good position at the present time to project our defence programs into the future.

To emphasize that point I should like to call attention to the fact that all through these years only 2 per cent of the total defence appropriations have been allocated to defence research. We have been crash thinking. We have been building up for the moment without projecting our defence plans into the future because we believed that Russia could not have the A-bomb. We failed to take the long pull three or four years ago. Now we are asked to have a new look and to take the long pull. Had more money and a larger percentage of our defence estimates been devoted to research in those years which we are considering I think we should be in a better position today.

Today the Kremlin does possess, not only the A-bomb but even more advanced forms of what I will call nuclear bombs because it does not matter whether they are H-bombs, N-bombs or something else. They have a stock of bombs and they also have the heavy bombers so that they can deliver those bombs to this country. I think the TU-4's constitute the backbone of the Russian air force bombers and at the present time they are

being replaced by more modern jet planes. The result is that, in spite of wishful thinking, such cities as Ottawa, Toronto, Montreal, Vancouver and so on are now exposed to attack, as has been admitted today. It is of little comfort to those cities to know that if they are attacked United States bombers are available to retaliate. I certainly hope that this threat of massive retaliation will deter the would-be aggressor, but there are other strong deterrents the knowledge of which would, I think, make the would-be aggressor think twice, particularly if he realizes that any attack on a Canadian target would be extremely costly in terms of the results that he would be likely to achieve.

Now, a second strong deterrent has been referred to today, and I would describe it as an aggressive defensive measure, an adequate civil defence. The minister touched on the question of civil defence, but I am not going to say much about that. It seems to me that at the moment the trend is towards evacuating many of the larger cities if they are threatened as a target. I want to emphasize the importance of the time that is required in order to evacuate a city. Only a few days ago a test was carried out in a United States west coast city, and the thing that was driven home as a result of the test was the importance of plans made ahead of time and opportunities for warnings to put those plans into effect. However, there will be opportunity to discuss civil defence under the estimates of the Minister of National Health and Welfare.

It is only if we do have these strong local deterrents and the means of receiving the warning that the effect of any future atomic Pearl Harbor can be neutralized. An aggressive defence will become a fact only when we have immediately available, at or near Canadian targets, interceptor aircraft at all times and a generous distribution of the newest weapons such as guided missiles operating air to air and ground to air and the latest atomic devices that science can evolve. I am not sure, in spite of what the minister has told us today, that we do have a warning system in as effective a stage as he would indicate.

Let me just emphasize the importance of this early warning by calling attention to the fact that a bomber formation, which we will say has been located 100 miles away from here, would be over this very building in a matter of a few minutes. I think you will, therefore, realize the futility of relying solely on any local or point defence. I am pleased that the minister gave us some information regarding the McGill fence, which is an indication now there is some attempt being made to get a warning system farther away than what might be described as the point defence or the inward and outward policy to which reference was made a year ago.

Last year when the estimates were presented the minister did indicate there was going to be a substantial increase on the emphasis which would be placed on the defence of the North American continent. I am glad he has re-emphasized that this year. It will be recalled that when the President of the United States, General Eisenhower, was speaking here on November 14 he said that our security plans must now take into account the Soviet ability to employ an atomic attack on North America. Later in his speech he said that now is the time for action on all agreed measures.

The minister spoke on November 26 in the throne speech debate, and I replied on November 30, calling attention to what appeared to me to be the lack in that speech of any assurance that action was really being taken. My anxiety in that respect has now been renewed by a speech that was delivered on April 29 of this year by Mr. Sterling Cole, a representative of the state of New York and chairman of the joint committee on atomic energy. In dealing with the question of a radar screen or early warning device across this continent, he said:

> . . . and yet four years after the need for such a warning line was pointed out, and two years after our scientists developed the equipment which would make such a line possible, it is still not in existence. Negotiations with the Canadian government on the subject of where, how, and by whom the first of such early warning lines would be built and operated have been in progress for nearly two years. Scarcely a week goes by that we are not reassured, through optimistic press releases, that these negotiations are proceeding harmoniously, satisfactorily and with the sense of urgency which the situation requires. We cannot detect enemy planes with press releases and comforting reassurances.

Then, a little later he said—mind you this is the chairman of the joint committee on atomic energy:

> . . . and with all the earnestness at my command, I urge that we immediately cease studying the early warning problem, and immediately begin the actual construction of an advance warning line.

Mr. Claxton: Will the hon. gentleman permit me to interrupt, because this is a rather important question. I should like to say one sentence, that is that there are no negotiations pending between the United States and Canada about this now or for one or two years or for any other time. There are none.

Mr. Pearkes: There are none?

Mr. Claxton: None.

Mr. Pearkes: I do not understand. I was going to ask a question about that, but no doubt the minister will enlarge upon it. I agree with him this is an important statement by someone who would appear to be an authority on this subject.

Mr. Claxton: In fairness, I believe he is thinking of the scientific and military discussions at their level to see what should be done, but there are no negotiations.

Mr. Pearkes: In this year's white paper the following statement is made at page 6:

> In the past year considerable progress has been made in the construction of the joint Canadian-U.S. network of radar stations to provide early warning and communications facilities for directing squadrons of fighters. New radar installations of the most modern and powerful type have replaced practically all of the temporary mobile facilities which were in use since the second world war.

Then, this statement is made, and in the light of the remark the minister has just made I hope he will explain still further:

> United States authorities have been kept fully informed of this project from the beginning.

I am rather at a loss to reconcile those two statements. I hope the minister will take the opportunity to further inform the house, because on the one hand we have a seemingly important United States official referring to the fact that the line is not in existence and urging that actual construction of this warning system be now started.

I am further perturbed on this particular subject because I do notice at page 44 of this year's white paper the appropriation for electronics has been reduced from an estimate of $114,799 last year to $65,666 this year. In this respect the difference between the estimate for 1953-54, and the probable expenditures in that year, are explained in this same white paper as being due to the difficulty of forecasting accurately the rate of expenditure on a large number of production programs in varying stages of development for complicated equipment that is subject to change and modification, in order to assure that the end product is the most useful for the job to be done and the money expended. The paragraph in the white paper goes on to say:

> This applies to all types of production but is especially true of contracts which entail quantity production of many components as in the case of electronics—

And so on.

We are told that 90 per cent of installations are complete—I believe that is the figure the minister mentioned this afternoon. Does that refer to the protective screen around certain selected targets or does it refer to the more general line scheme which would give early warning? It would seem from the statements I have read that, while making progress, our warning system is probably not being developed as rapidly as we would wish. Complaint is made in the white paper as to the difficulty of getting production in the materials required. Therefore I repeat the question I asked on November 30, and which perhaps the minister will consider he answered a moment ago. I think, however, some further explanation should be given. My question is this: Are there any agreed measures between the United States and ourselves that are now being held in abeyance for any reason whatsoever, and are there any measures which are now held in abeyance upon which agreement should be reached without further delay? I think we should have an answer to that question.

Leaving for the moment the question of early warnings, I return to the question of this rapid build-up program of our forces, the crash program to which the minister referred today. That has been based upon the kind of organization which proved successful in the second world war, armed and equipped with the weapons used in that conflict. Well, since formations of the ground structure after world war II ceased with the demobilization program of this government, new units did have to be created; and there were hasty improvisations in many cases during the emergency of 1950, with of course the subsequent expansion which made this method extremely expensive to the taxpayer. Russia did not launch a major war; she resorted to other strategy, the type of strategy to which the minister referred, when she engaged in these wars of limited objectives, the small wars he mentioned such as the Indo-China operation. When the government initiated its three-year program it was estimated that, as the minister said, the cost would run to $5 billion. This amount, plus additional millions, as he explained this afternoon, has been expended. But the program has not been completed.

As he has explained, the manpower targets as set out in 1950 have been reached for all practical purposes. I think that is an achievement for which credit must be allowed. But in reaching those objectives it has been done with a lavish expenditure of money on advertising, and the holding out of many inducements to attract men into the services. But, if we have the bodies, we are still short of much equipment—even equipment along the conventional lines of 1945.

I admit freely that in my opinion at no time have the defence services been faced

with decisions of more extreme difficulty than they are today. Scientific research has opened the way to the development of new weapons of enormously increased effect. We are, as it were, in an interim period between the propellor and the guided-weapon age, or, as the minister referred to it this afternoon, the push-button war of the future.

Furthermore, at the present time the services have to be organized to support a foreign policy which at the moment is hesitant and uncertain.

A real danger does exist from communist-sponsored and communist-supported wars of limited objectives, such as the one in Indo-China. In the future these may not be entirely confined to the continent of Asia. Today we are contributing toward a ground screen across Europe, with its air component, in order to check a Russian advance through western Europe which, I suggest, if undertaken would plunge us at once into another major war. But is another major war in western Europe the strategic plan that Russia will necessarily adopt?

The maintenance of these large conventional ground forces in western Europe rests on the assumption that vast quantities of supplies will flow from the American continent to Europe and, from the Russian point of view, from their industrial bases beyond the Ural mountains, to sustain the embattled armies in western Europe. Yet this very supply flow must pass through the very few large ports in western Europe, and through a limited number of great railway centres in eastern Europe. All these ports, all these railway centres will be very vulnerable targets for the atom bomb. They could be destroyed easily in this way. And I think it is for that reason, as much as any other—that is the danger of the ports being destroyed—that Great Britain and the United States are taking this so-called new look, and are placing greater emphasis on air atomic power, and the revolution in warfare that has been brought about by these new weapons.

In a third world war there is no doubt about it that atomic air power will be the ultimate weapon. It is the belief that those who use the atomic bomb will perish by the atomic bomb that leads to the theory of massive retaliation and instant reprisals. Thus we have the concept of a deterrent force rather than a defence force. We ask, how does Canada fit into that picture? In part the minister has explained the role this afternoon, but I do suggest that defence planning today is indeed at the crossroads. Are we to adhere to the conventional methods of the first half of the twentieth century which are fast becoming obsolescent in terms of nuclear weapons? It seems to me that we should retain the greatest possible flexibility in our organization and in the disposition of our forces. A year ago I commented upon the fact that all our Sabre fighting squadrons were already committed to the European theatre. I still question the wisdom of this commitment when we are so pitifully short of fighter squadrons for home defence.

Mistakes have been costly in the past and can be costly again. It is for this reason that we of the opposition feel we have a right to inquire into government policy, even though opposition members do not have the opportunity of attending chiefs of staffs' conferences and receiving all the technical advice that the government has.

In the past in connection with this I have frequently advocated the importance of the air arm. I am pleased to see the increase in the proportions of the appropriations allocated to the R.C.A.F. I have also in the past emphasized the importance of the air arm in connection with the naval services. Several years ago, in speaking on these estimates, I stressed the importance of having additional aircraft carriers. Now the whole trend in both the United States navy and the Royal Navy is toward greater use of helicopters and reconnaissance planes from carriers in all escort and anti-submarine operations. I know the *Magnificent* is to be re-equipped with Banshee aircraft. The Banshee of course is not a reconnaissance plane; it is essentially a fighter plane and is more to be used in driving off hostile reconnaissance planes than in actual reconnaissance work itself.

Dependence upon the air for escort work and anti-submarine work is brought about very largely by the increased range and effectiveness of the modern torpedo. Escort vessels protecting a convoy operate on what one might describe as a perimeter a considerable distance from the convoy, sufficiently far out to keep the submarine away from the merchant vessels for effective torpedo range; but as the range of the torpedo increases, so must the line of escort vessels be pushed farther out from the actual merchantmen that they are convoying. The type of escort vessel that we are building in Canada is an extremely expensive one. We were told in 1951 that each of the escort vessels would cost over $8 million. I imagine the costs have gone up considerably since 1951. We are going to have 14 of those vessels. According to the white paper of 1951, four out of the 14 were to be launched in 1951 or at the beginning of 1952. This year's white paper tells us that by

March 31, 1954, a total of five escort vessels were launched. That program seems lagging very far behind, if in 1951 it was expected that the first four of the 14 were to be launched that year. It is disappointing to realize that only five have been launched to date. But I am questioning really the soundness of pursuing this plan of developing the very expensive escort vessels. With the increased effectiveness of the torpedo and the increased range we must have more escort vessels for any convoy. The increased effectiveness of the torpedo, which not only is equipped with a homing device, but is able to run on a patterned course, zigzagging or circling after a certain distance, means that any surface ship is extremely vulnerable. Helicopters or reconnaissance planes have an advantage in that they are not vulnerable to torpedoes.

I turn to the other point which I mentioned at the beginning, namely, the guarding of the taxpayer's money and ensuring that there is no unnecessary extravagance or waste. With respect to the elimination of unnecessary waste in the defence department, while, I am very pleased to say, no glaring instances of wrongdoing are disclosed, yet the searching examination to which the defence expenditures committee of a year ago subjected the department, and the investigations resulting from the Currie report of a little over a year ago, show that there was a general tightening of efficiency in the administration throughout the services. Last summer I expressed the opinion that with careful administration the defence estimates could be reduced by 10 per cent without in any way affecting the efficiency of the forces or the pay and allowances of the personnel concerned. I notice that this year the minister has found it possible to reduce his estimates by approximately $100 million, or 5 per cent of last year's estimates. I am sure he does not consider that the efficiency has been sacrificed, and I am equally certain that another $100 million could have been cut off this year's estimates had there been throughout all the services a genuine desire to economize. This reduction cannot be made by the elimination of any one item. It is, however, in my opinion, essential that all commands in all the services should be imbued with the sense of their responsibility in the expenditure of public funds. The economy of the country is not as strong as it was a year ago, and, therefore, the strictest care must be exercised in all defence spending.

When we come to the details of the estimates we shall feel it our duty to examine, and if necessary to criticize, the amounts allocated in the various items of expenditure, and we shall offer such comments as we consider may be necessary. However, the rules and procedures of this house do not provide opportunities for any really thorough examination into the administration as to its effectiveness or efficiency. Therefore I repeat the suggestion which has been made before. In view of the results which were obtained through the medium of Mr. Currie's investigation in a very limited field of inquiry, would it not be advisable for the government to initiate now another investigation of the whole field of the department's administration with a view to introducing substantial economies without affecting the efficiency of the services? I believe that owing to the magnitude of the task which confronts this department the minister would be well advised to call in some expert assistance to review the general expenditures and go into this whole matter to see whether further economies can be effected. I feel that the officers concerned are too busy with their own legitimate work to be able to spare the time which is required for such a thorough investigation.

In closing, I repeat that we on this side of the house appreciate the difficulties confronting the minister and his department in these very uncertain times. We urge caution in accepting new commitments; we stress the importance of continued emphasis on the defence of the home front, the North American continent; we urge care in all expenditures, but forward looking so that full advantage may be taken of the new weapons of warfare which science is now producing.

A revolution is actually taking place in the theory, strategy, and tactics of warfare brought about by these new weapons. The Department of National Defence and our military leaders must come to grips with this revolution in warfare in order that they may be certain they are following the right approach.

Mr. Coldwell: Mr. Chairman, in following the hon. member for Esquimalt-Saanich, who has long experience in military affairs, I do so, of course, merely as a layman but one who has paid some attention to the military commitments and expenditures over the last few years. I shall try to discuss the estimates now before us in the light of the new developments in international affairs, and in the light of methods that might be used in the event of an attack not only on our country but on the countries with which we are associated.

Of course, throughout the country the easing of international tension, to which the minister referred and to which the Secretary of State for External Affairs has on occasion referred, and the desire for the control of

these new and terrible weapons, about which we heard this afternoon, have led people to hope that we might be able, through agreement, to engage not only in the control of these weapons but in progressive disarmament.

At the moment the world is obsessed with fear. Fear, of course, is not a good motive for the promotion of international peace; but, as a matter of fact, fear is forcing millions of people everywhere to look for peaceful settlements of current difficulties and disputes.

The terror of the new weapons was outlined by the minister in his speech this afternoon, and as I listened to him I wondered if his department has reviewed the commitments of Canada and the policies of the department in the light of these new and terrible developments.

The white paper indicates the amount of money the people of Canada will be called upon to expend on the army, the navy, the air force, and defence in the year 1954-55. The estimates amount to $1,908 million plus $102 million, which is expected to be a net charge on the special account, or a total of $2,010 million, which is an increase of $208 million over the forecast gross disbursements of $1,802 million for the year 1953-54.

May I just say in passing that I have noted there has been some discussion and indeed some dispute, or so the newspapers tell us, between the Department of National Defence and treasury officers about items which should be charged to this special account. What seems to have happened is this, that when the department has some weapons which are obsolete they are sent to one of our allies as mutual aid, and that enables the department to draw on the special account to pay for new equipment and in that way, incidentally, to escape to some degree control of this house in respect to those expenditures.

The figures in the white paper are stupendous and would be stupendous at any time, but they are certainly stupendous in peacetime; and when I look back over the years and think of the first budgets I saw introduced in this house in 1936 and 1937, budgets of around half a billion dollars, and when I remember how Mr. Dunning used to impress upon the house that it was impossible to raise another ten, fifteen, twenty or one hundred million dollars to give the relief which was so necessary and which was called for at that time by our suffering population, I cannot but regard this figure for defence as stupendous.

Because of the fact that these figures are so stupendous I think it is the duty of this house to see whether they are justified, and if justified, how it is proposed to spend the money.

The minister told us this afternoon that these new estimates come at the end of a three-year period, the period which three years ago we were told would require an expenditure of $5 billion to bring us up to the point where we would be moderately secure, the point where, in co-operation with our friends in other countries, we could expect to feel a measure of real security. But this afternoon the minister told us that we have got to expend this huge amount again this year, and indeed he told us we would have to spend the same amount probably for years to come.

Consequently, it is the duty of this house at the present time to see if the Department of National Defence is really doing the job we expect of it when we appropriate these huge sums of money.

The hon. member for Esquimalt-Saanich said a few moments ago there had been a revolution in warfare in the last few years. That was pointed out in a very interesting address given over the B.B.C. a short time ago by no less a personage than Sir John Slessor, G.C.B., marshal of the Royal Air Force; chief of the air staff, 1950-52; commandant, Imperial Defence College, 1949; and member of the air council, 1945-47. I would like to quote briefly from what he said at that time:

> For the first time in hundreds of thousands or millions of years that man has existed he can carry or propel through the air for thousands of miles, . . . a missile that by itself can destroy a city. It is silly to behave as though this revolution had never happened. Actually it has completely transformed the whole complexion and dimension of the problem of peace and war. All previous conceptions have become obsolete.
>
> Let me hasten to say that I am not here to tell you that we can now scrap the navy and disband the army and put all our money on a new model push-button air force. But if there were another major war it would not remotely resemble the last one.

Then in another place in the same speech he emphasized this point when he said this:

> I believe the first and most far-reaching consequence of this revolution is that total war as we have known it in the past forty years is a thing of the past. That may sound a pretty rash statement. But I believe it to be true. War is a matter of wills: nations or coalitions went to war to impose their will on an opponent. You started off by trying to do it by persuasion, that is, by diplomacy, and if that was no good you tried to do it by force. At a given moment—the "declaration" of war—you turned over from an interchange of notes between men in top hats to an interchange of bullets between men in tin hats.
>
> The next rather obvious thing I must say is that you did not take the initiative in forcing a war unless you thought you could win it. And (this is

the important point) we now know to our cost that winning a war does not mean just forcing an enemy to lay down his arms and accept your terms: it means creating world conditions more favourable to oneself than could have been brought about if there had not been a war. Today there is not the remotest chance of anyone winning a war on that definition. A world war in this day and age would be general suicide and the end of civilization as we know it.

Consequently it seems to me that while we are considering expenditures for the defence of our country against the possibility of war, our government, our external affairs department and all the rest of us should be doing everything we can to try to find ways and means of negotiating the difficulties that exist between the nations and of eliminating the possibility of another general war. The world is still trying, of course, to comprehend the tremendous power of the hydrogen bomb as revealed publicly, following the recent tests in the Pacific. Rear Admiral L. L. Strauss, the chairman of the United States atomic energy commission, in a statement made on March 31, 1954, disclosed that one hydrogen bomb could wipe out any city on earth. The power of the atom bomb was measured in kilotons, equivalent to thousands of tons of TNT. The power of the fusion bomb is measured in megatons, equivalent to millions of tons of TNT. The explosive power attained in the March 1 Eniwetok test was estimated at 600 to 700 times that of the bombs that destroyed Hiroshima and Nagasaki. These statements are from the New York *Times*.

Then in a statement issued recently in England by a group of scientific workers—and incidentally they were scientific workers in whose area will be found the great atomic pile of the United Kingdom—they estimated that two to six hydrogen bombs would be enough to break British resistance in any third world war. As the hon. gentleman who preceded me stated, the vulnerable spots—the ports, railway centres and so on—are few in number, and a few of these bombs getting through could put out of the war any country engaged in it.

Then the other important development, of course, is the development in the U.S.S.R. We have been told authoritatively that United States success in producing the hydrogen bomb was largely owing to the material that flowed through the ether from an explosion of such a bomb in the U.S.S.R. and that it made a change in the manner in which United States scientists were working in order to discover that dreadful weapon. Soviet spokesmen have been at pains recently to underline the point that they had these powerful weapons. I should like to put on the record a comment by Hanson W. Baldwin, military editor of the New York *Times* on April 4 of this year. He says this:

> The intended import of that (Soviet) warning is simple, that the Soviet union is capable of winning a nuclear war with the United States. This was what Premier Malenkov meant when he said last Monday that any future atomic war "would inevitably lead to the ruin of the capitalist social system," a theme repeated also in communist party secretary Khrushchev's speech the same day.
>
> It is generally agreed that while the existence of the H-bomb is a very real deterrent in so far as an outbreak of world war is concerned, its deterrent effect is much less in relation to small wars, limited wars or struggles such as those in Indo-China, Malaya, street fighting in Trieste, Israeli-Arabian border clashes, etc.

Thus we see that the obligations of Canada and the other countries in connection with the requirements of the United Nations, NATO, and so on, are not altogether eliminated by any deterrent effect the H-bomb may have. However, I believe an examination of the estimates now before the committee will show that little heed has been taken of what Sir John Slessor called this "revolution in war".

It seems clear that the estimates are based upon the second world war conceptions and that the minister has accepted uncritically the huge demands for weapons and equipment that are either already obsolete or become obsolete even before they are provided. I think that point was well illustrated and emphasized this afternoon by the minister himself when he spoke of the huge expenditures for the production of planes in this country and said that they are obsolete before they come off the assembly lines. One wonders whether we would not be far better off by co-operating more closely with the United Kingdom, for example, and by assisting the United Kingdom and allowing the United Kingdom to proceed, for according to published reports she is the foremost aviation nation in the world in the designing of planes. One wonders whether we would not be better off by co-operating with her so that we both might benefit, without our undertaking, on a much smaller scale and in smaller numbers, the building of planes which may become obsolete even before they come off the assembly lines.

Of course military men have always been prone to ask for more than is necessary, and parliament is inclined to grant all their requests because, as laymen, we are not sufficiently informed to refuse their requests. Indeed, if we did, public opinion might view us with suspicion. The public view with suspicion any suggestions—and perhaps properly so—that seem to jeopardize

the national defence against any possible aggression. A prominent member of this house, as reported at page 2810 of *Hansard* of 1951, said this:

> I have never known an admiral, a general or an air marshal who did not begin by asking for more than his share of anything.

That of course was said by our distinguished friend—himself a major general—the hon. member for Esquimalt-Saanich.

Thus, all too often, not only the size of the total allocation for defence but its distribution among the armed services depended more on the bargaining between the heads of the three services than on anything else. With today's developments, the dangers of this kind of uncritical, unquestioning acceptance of defence requirements is more dangerous than ever.

The London *Economist* had something to say about this matter concerning the British estimates when they were introduced into the house. I am quoting from the London *Economist* of February 20 of this year. It said this:

> The danger is frankly that, while the backroom planners are busy working out the strategy of the new look, the authorities that really matter may succumb to the temptation, in this period of uncertainty, merely to pass round the money among the different claimants in very much the same proportions as they have been allowed to enjoy in the past; and then to leave each claimant to decide how he will spend that money in the new circumstances now emerging.
>
> There are two reasons for fearing—the layman can, of course, never be sure that this may have happened in the estimates for 1954-55. In the first place, not only is the total defence estimate remarkably similar to the estimate for 1953-54; the different components are suspiciously similar too.

How well that applies to these estimates that are now before the house. There is a similarity to the components of a year ago before the explosion of a hydrogen bomb.

That this has been true in other countries is borne out by numerous articles that have appeared in the press of the world, articles by people who have made a study of defence and military affairs and who may be regarded as authorities. Walter Lippmann, I suppose, is regarded as one of the outstanding commentators on military affairs in the world at the present time. In his column of January 8 of this year he criticized the Truman administration and its attitude to some of these matters. He had this to say:

> To put it bluntly, but I believe truly, the Truman administration lost control in the constitutional and meaningful sense of that word over the war-making powers of the United States. It lost control over the size and the character of the military establishment, over the high strategic planning in which statesmen, not soldiers, must have the last word, and over the theatre commanders abroad. The visible consequences of all this were, for one thing, a gigantic military expansion which became all the more gigantic because it was regulated not by a lucid strategic policy but by the pressure of the military bureaucracies of the three services. Another consequence of the loss of control over the military power was the irreparable political errors of the Korean campaign, particularly the failure to halt at the 38th parallel, or at least at the waist of Korea, before the Chinese intervened.

Leaving out the reference to Korea, how can we in this parliament exercise our constitutional obligations with regard to this department? None of us knows what the requirements really are. None of us knows just how this money is really spent. I say to the house and to the minister that, although I have never been in favour of the proposal made from time to time that a royal commission, an outside body, should inquire into the Department of National Defence, I think we could appoint a competent committee of this house which could go into the affairs of the Department of National Defence and bring back to the house an assurance if it should prove to be so that the money is being well spent, that we are getting what we are paying for in this department.

At the moment there is not one of us who can say whether this estimate is right or wrong. There is not one of us who can say with certainty that the amount is adequate or that the amount is excessive. I think, and I hope to show in a moment, that if the matter is looked into in all probability it will be found that the amount is excessive and, as the hon. member for Esquimalt-Saanich suggested and as I suggested in the address, that it could be cut by at least 10 per cent. I believe it probably could be cut by more than 10 per cent if the matter were investigated thoroughly by the house.

To put it bluntly, we believe these estimates indicate that parliament has lost control of the Department of National Defence, and we believe that a thorough and careful investigation of the estimates now before the house should be made by the house or by a committee of the house before they are approved at this session of parliament. As I said a moment ago, I do not care to hazard a guess as to what savings could be made or the amount by which these estimates could be cut. As I pointed out in a former debate, the United States is reducing its appropriations by about 10 per cent and the United Kingdom by a lesser amount, and I believe that Canada could make a similar reduction in the defence appropriation.

I believe a thorough investigation of these estimates would confirm this view, and I want

to cite some of the details which to my mind help to confirm the statement I have just made. Of primary importance of course is that we shall be prepared to implement any undertakings made by this country under the charter of the United Nations, under the North Atlantic treaty or under other agreements that we have made or may make for collective security. In common with other western democracies, our defence program should no longer be geared, as the minister said today, to what has been termed "the crash objectives" of 1950 when war might have been imminent, but rather to what has been called this afternoon the long haul of future defence and peace or the long pull, whatever you care to call it.

I should like to remark right here and now that the North Atlantic treaty is more than a military alliance. It is more than a method of giving obsolete equipment to some of our allies, but as yet we have not begun to fulfil article 2 of the treaty. I want to say quite plainly and frankly that we of this party supported the North Atlantic treaty because we had the assurance that article 2 would be regarded as of fundamental importance. However, virtually nothing has been done to assist the economies of these countries. We have emphasized wholly and solely the military end of the agreement, and that is not good enough when we are fighting a cold war against a communist aggressor who uses economic distress as his principal vehicle of propaganda. It is time that we paid some attention to article 2 of the treaty for our mutual aid and prosperity.

A study of the United States and United Kingdom estimates for defence indicates that those countries have been moving quite rapidly into the new defensive position necessitated by considerations of the long haul while Canada's armed forces are still geared to the weapons and tactics of world war II. I have a number of quotations here from their estimates, statements and white papers which I could quote this afternoon, but I do not intend to do so because I have already quoted sufficiently.

As I said earlier, I am not suggesting that the new and terrible weapons of war make armies and navies unnecessary. Certainly they do not make the air force unnecessary. Quite the contrary, but I am suggesting that we could effect savings by reducing the stockpiling of weapons, planes and equipment which are either obsolete now or are certain to become obsolete in a comparatively short time. We do not know what stockpiling there has been, but if the figures in the previous estimates indicate the purchases that have been made there must be considerable stockpiling by the Department of National Defence.

It seems to us too that there is one branch of the Department of National Defence that is well worth supporting and even expanding. The field of electronics was referred to this afternoon and yet there is a reduction in the estimates for that branch of research, research carried on through the national research council and through our own defence research board. During world war II those organizations gave very significant aid in the achievement of victory. I agree immediately that such research should be undertaken by co-operation with those who will co-operate with us. That means to a very large extent, and in some fields almost exclusively, the United Kingdom and other members of the commonwealth. This should be done so that research efforts can be coordinated and duplication and waste among us avoided and, indeed, because we do cooperate, the program can be speeded up.

As an example, I mentioned a little earlier and I might mention again what might be done in this field. Instead of Canada embarking at great expense upon the production or experimentation of certain new types of planes, we could I think co-operate with Britain more fully. It is generally admitted that Britain leads the world in the development and production of aircraft. Why should we go to the expense of building and equipping new plants, designing new planes when we could co-operate with Britain and together work out the designs for planes, thus saving us both a great deal of expense?

Then, it seems to us that reconsideration should be given to the proposals for defence construction for all three services. We are told that this program of construction, building and so on across the country has now passed its peak. Apparently a further wave of expenditures in this field is foreshadowed in the estimates. I feel the department should be called upon to justify those expenditures. So far as housing for our married men is concerned, yes; but after all that is only a comparatively small part of the appropriation. The need for the other facilities should be carefully examined by this house before the appropriations are approved. If they were scrutinized I believe reductions could be made in that field.

I suggest that to continue to stockpile weapons and ammunition on a large scale, at a time when revolutionary changes are being made in weapons and armaments generally, is nothing but the greatest wastefulness. Apparently, expenditures for such weapons and ammunition as may become obsolete are

to continue on a fairly large scale under these estimates. I feel that should be reviewed by this house or by a committee of this house. Then we have noted, too, that the United States is contemplating a reduction of its armed forces in Korea. We maintain a brigade in Korea, and if the United States can withdraw some forces why could we not bring back at least a battalion? The maintenance of troops in Korea is a costly undertaking because we ship supplies not only by sea but by air. While we do that with some of our own military transport planes, we also hire planes from a private company, the Canadian Pacific Air Lines.

It seems to us that if the United States can withdraw some of her troops from Korea, we could withdraw some also. It might be possible to place in reserve some of our ships, our cruisers for example. They are costly to maintain at sea, and they are costly to maintain in port. I have noticed the whole emphasis in the United States and in the United Kingdom, so far as their navies are concerned, is to get away from battleships and cruisers in favour of anti-submarine vessels and aircraft carriers. I saw the other day that the United Kingdom has suspended building activities on three new cruisers, the *Tiger,* the *Defence,* and the *Blake.*

Then, as the minister has already said, we have a large air force in Europe. I believe there are 12 fighter squadrons there. Until recently there were few such squadrons in Canada. We were almost defenceless in the air. I want to say to the minister that no other country had denuded itself of air protection for the common effort as completely as Canada did. The minister told us it costs over $600 million a year to equip, transport and maintain an R.C.A.F. division in Europe. Even if we returned six of those fighter squadrons to Canada a substantial saving would be made, and there would be at least a more efficient fighter protection in Canada if that were required. Certainly no one could accuse us of not contributing equitably to the NATO effort if we did that.

We should review carefully Canada's expenditure for aircraft, which is given on pages 44 and 45 of the white paper. The estimate for 1954-55 is for $430 million, and that represents 43·5 per cent of our air force expenditures. This is a far greater proportion of the expenditure for aircraft than the proportion I noticed in the United Kingdom estimate, which I believe is in the order of 29 per cent or 30 per cent. Other items of the estimates that require scrutiny are numerous, but I am going to give only a few examples. In the details we are told that we have 1,000 inspectors of stores, in addition to the inspection staffs of each of the services. These 1,000 inspectors cost $3,500,000. I am not going to deny that adequate inspection is necessary, but the present estimates provide for no less than $12·5 million for all the inspection services compared with only $10·5 million at the height of our war effort, 1943-44. How could that be justified? Perhaps the minister can justify it when he speaks.

Even the Currie report of the investigation into the forces did not indicate losses as high as the cost of these inspection services. These and other savings run into many tens of millions of dollars when you add them all up. I did a little arithmetic the other day and was amazed at the total I got. I am not going to name it because some of my figures were the result of looking into the estimates and endeavouring to estimate what the totals would be. I am not going to do that at the moment; but, when we have heard from the minister further and we have gone into these estimates further, we may come to a conclusion as to just what savings could be effected in this department. I say tens of millions of dollars but I believe the savings would run into hundreds of millions of dollars —not many hundreds, but hundreds of millions of dollars. Please do not misunderstand and think I am making a plea for a reduction in income tax as a result of defence savings; not at all.

As I said, I should like to see more emphasis on article 2 of the North Atlantic treaty, mutual economic aid, which would be perhaps costly to us. I should like to see Canada take more of a leading part in urging and providing technical aid for the underprivileged nations of the world. I know that is limited by the facilities of the technical aid organization, the Colombo plan facilities and so on, but we could do more than we are doing now, so some of those funds could be used for that. If we improved the living standards of these underprivileged parts we would be doing much to make inoperative the propaganda of totalitarian agitators, whether they are of the fascist or of the communist variety. We have sometimes overlooked the fact that the danger of totalitarianism does not come only from communism but comes equally through various forms of fascism across the world.

Then some of the savings could be used effectively in Canada. We could use them for our social services, in part for a national health plan, for improving the amenities of life in this country. I have always been a very warm advocate of doing something for the cultural life of Canada. I like to see

the national gallery buying a few pictures; I like to see the suggestion made that we should encourage a national drama, a national opera, national ballet, national music in the form of symphonies, and the like.

But, first of all, of course, we should see that we have those facilities in the social services for health and well-being as well as the cultural things. The hon. member spoke about aircraft carriers, and that has reminded me that the other day I read we were going to replace the *Magnificent* with the *Bonaventure*—in fact, we were told this in the house—and that the *Bonaventure* would operate off the east coast.

What are we going to do with the *Magnificent*? Here I am suggesting an expenditure of money. Why not remodel and modernize the *Magnificent* and make her suitable for what the hon. member suggested, namely the carrying of helicopters—indeed, why not redesign the *Bonaventure* to do the same thing? Why not use one of them on the east coast and the other on the west—because if aggression should come we cannot be sure that it will come on the east coast; neither are we sure that it will not come on the west. It would be well if we had an additional ship—and this of course would entail additional expenditure. However, that is the kind of expenditure of which I am sure the House of Commons would approve, because hon. members would understand the purpose of it.

From reports that have been made, I do not know to what extent Canada's forces are receiving adequate training for atomic warfare, if such should come. I do not know what they have learned about the use of atomic weapons, guided missiles and the like. Are our forces being trained as are the armed forces in other countries? It does not mean that they have to use those weapons, but they could use weapons simulated to meet training requirements. Is this being done?

If my information is correct the Canadian army has not yet been given training in airborne operations at the brigade level. So far that has not been done, according to my information. Yet we hear a great deal about the necessity for having airborne troops. Of course, in our country air defence and the ability to cope with a group of enemy soldiers parachuted into northern Canada is of primary and fundamental importance. Our forces may have to be flown quite a distance to fulfil this task, and might be required in brigade strength.

I am told, too, by military men that much of the army training is obsolete, and that in this respect to a great extent the money is wasted. But whether that is true or not, I think emphasis should be placed on research; and as I said earlier, in that field all the co-operation possible should be undertaken with the United Kingdom and other commonwealth countries. And if the United States wishes to co-operate with us, well and good; we would be prepared to co-operate with them. If this co-operation were complete, as it should be, we believe it might effect very substantial savings in our estimates.

As I have said, these savings should be diverted into channels which would be beneficial to the world and to ourselves. Our plea is for a reconsideration of the estimates that have been presented to us, in the light of recent developments. And should this be done thoroughly we believe very substantial reductions can be made in the total estimates of the department, without impairing its efficiency and without jeopardizing the security of our country.

I am not going to discuss the problem of civil defence in relation to new weapons. That will come under another heading. Suffice it to say that we are now told by experts in the United States in this field that only the mass evacuation of populations of our larger centres would suffice in the event of raids bringing hydrogen bombs. What a prospect the world faces, if that is so! And I fear that it is so.

The minister told us that our radar defences are 90 per cent complete and in operation. Well, it is good to know that, but in collaboration with our radar defences we should have adequate fighting air and ground forces in this country. I have noted that recently some CF-100's have been located and are being used in Canada. But, as I said earlier, until very recently we had denuded ourselves of air defence through our contributions to NATO. I am not complaining about contributions to NATO; but I think we also have to think about our own defences, as well as the defences of western Europe, in the event of war.

I do not wish to say anything further, except to express the hope that the House of Commons will examine these estimates. It is true that in the main estimates information is given in great detail, and that they are set out very carefully indeed. I hope hon. members will see to it that, so far as we are able to bring it about, any wastes will be eliminated. But I think most of all we require, first, a thorough investigation into the activities of the department, and its estimates, by a committee of the House of Commons.

All of us are anxious to give our support to any necessary defensive plans for our own country, and to assist those who expect us to give assistance through the United Nations, NATO and the like. But the difficulty in which most of us find ourselves—and I fancy this includes hon. members on the government side as well as in the opposition—is that this department is a law unto itself. And because of the secret nature of many of its operations it is protected against thorough inquiry by the elected representatives of the people.

The age-old struggle in the British democracies has been to make certain that the civilian arm of government can and does control the military. And upon my soul, I think at the present time this House of Commons has very largely lost control of the defence department and the military arm of the nation; and I think we should do everything we can to restore a control that is properly the function of this parliament.

Mr. Thomas: Mr. Chairman, this afternoon the minister gave us a comprehensive survey of Canada's position, so far as our armed forces are concerned. He went into some detail in regard to the international situation, the military aspect of NATO, and some other matters. As a matter of fact his speech was so comprehensive and detailed that it was almost impossible for one to absorb all he said merely by listening. But I would make a suggestion to the minister. I do not know what he will think of it, but it would certainly simplify matters for those who have to speak immediately after him if it could be arranged in the future that he give his statement, and then allow the item to stand and continue the debate the next day or the day after in order to give hon. members an opportunity to study his statement in detail before speaking.

At the outset I should like to pay tribute to the members of the armed forces. These men of all the services have built themselves an enviable reputation wherever they have gone. They have served with distinction in every theatre of war where they have been called to act. Certainly, they have become well known for their courage, ability and resourcefulness in the field. More than that, the members of the Canadian armed forces have been well liked everywhere they have gone in other than official capacities. In other words, practically without exception they behave like gentlemen, regardless of where they are serving.

On many occasions, Mr. Chairman, we have been critical, and sometimes extremely critical, but that criticism has never applied to the members of the armed forces. We have criticized the department for some of the policies they have brought down, and undoubtedly we shall continue to do so. But our criticisms have always been against the department, against the government and never against the armed forces or any of the individuals of the forces.

The situation in the world today, as the minister indicated, is extremely serious. I go along with the minister and hope also that in the future we shall not find ourselves embroiled in another all-out war. But we cannot allow ourselves to become too complacent. Things look bad. As a matter of fact, I picked up today's *Journal* and on the front page I saw the headline: "Geneva looks hopeless." I do not know what the article contains because I have not had an opportunity to read it.

With things stacking up the way they are, in every effort that has been made to bring the two opposing sides together, we cannot afford to relax our vigilance even for a moment. We are not actually engaged in a hot war at the present time, but we are in a war. It is not war as wars have been known down through the ages, which were brought about by trade wars and so on. It is a battle between two ways of life, between communism and democracy and between freedom and slavery. We must never forget that the forces of international communism have no regard for life, or the individual; they have no regard for promises made and they have no regard for any treaties that they may have signed. They are vicious. We must never forget also that world domination is their ultimate aim. They have made that known all through the years from the time of Marx and Engels right down to the present regime. I hope, and I know every hon. member hopes, that the peace overtures they are making at the present time and have been making recently are sincere. It is possible that the new administration in Russia has had a change of heart, but I would not bank on it too much. In other words, we have to take every opportunity afforded to maintain peace, but at the same time we must always be prepared for the worst.

We in this group have always supported defence spending. We feel that as long as a large defence program is necessary we should keep at it, and I can assure the minister he will have our wholehearted support in every expenditure that we feel is necessary for the carrying on of our defence program. We realize that with the situation the way it is today defence is all-important. We have been critical many times, not because the government is spending money, but of

how they are spending it. We have often maintained, as speakers who preceded me said today, there is no economy in the Department of National Defence. As a matter of fact, I have not found it in any department of government. The aims of the department undoubtedly are very high and to be commended, namely, the protection of our country. But sometimes the results leave a great deal to be desired. I cannot believe, Mr. Chairman, that we are getting a dollar value out of every dollar spent on defence. I think we discovered quite a bit in our defence expenditure committee last year, and in a small way the Currie report proved that there is waste and extravagance in the Department of National Defence.

I regret very much that the government did not see fit to set up the defence expenditure committee during this session. After all, we touched only the surface of defence spending during the last session. We covered a great deal of the ground as far as construction is concerned, but we did not get into the production of aircraft, arms or ammunition, or any of the things that we should like to have made a complete investigation into. I only hope—and I would ask the minister to discuss it with his colleagues—that a committee will be set up again next year, as early as possible in the session, and that it will be allowed to dig into the entire regime of defence spending.

May I say a brief word on fires at some of the installations? The minister made a statement in the house the other day in which he said that compared with civilian fires the percentage of damage was very low. I realize that, and well it should be, because in no other place do they have the facilities for sentries or fire protection and so on concentrated in such a small area. It is hard to believe that if the sentries are being posted as they should be a large blaze could develop before it was discovered. I realize that it could probably happen in some instances, but I cannot see how for example at the air station at Penhold, with the number of personnel there, a fire could get a good start and destroy a hangar, when one takes into consideration the facilities and the personnel there, particularly since they have sentries posted at all the hangars to see that such a thing does not happen.

The minister went to great length this afternoon to show how NATO had been built up to strength, not sufficient to defeat the communists, but strong enough to hold the line until the air power and the atomic power of the NATO countries could be used to interrupt any attack that might be made. I do not think they have the minimum that the minister mentioned this afternoon. The aim for NATO as it was set down was for 90 divisions by 1954, or something like 1,350,000 men.

Perhaps the minister told us this afternoon the extent of the manpower within NATO forces at the present time, but if so I missed it and in any event I do not think it will amount to the figure I have mentioned. At any rate, the estimated power of the Russian forces alone, and in this connection I am taking the figures given by General Gruenther two years ago, amounted to 175 divisions, or something like 4 million men. That takes no account of the satellite forces, and they can certainly muster a great many more men in a hurry. In view of that, it is difficult to see how the NATO forces could hold the communist hordes for even a short time.

I have mentioned the Russian figures relative to about two years ago, and I would like the minister to bring us up to date on the estimated force the communists have at their command at the present time. I would like to know how much they have at their command in terms of land, air, and sea forces. In regard to their air power I would like to have some sort of résumé as to the number of first-line bombers, light bombers, heavy bombers, and fighter planes they have at their disposal. As regards their naval power I would like to have a résumé of the estimated number of first-line submarines, battleships and so on up the line. I do not know whether the minister has these figures, but I have no doubt he has some knowledge.

I paid particular attention to the minister's statement this afternoon to the effect that it was only as long as the NATO nations could maintain their productive superiority that we could hope to deter the communists from attack. I am not sure that we have that productive superiority.

Speaking on the defence estimates in April 1952 I quoted from a technical and trade magazine called *Aviation Age* giving some figures of Russian productive capacity as far as the air power is concerned, though that was two years ago. That magazine estimated that Russia had about 85 aircraft factories, more than 28 engine plants, and produced something in the neighbourhood of 22,000 aircraft during the past year. That, of course, would be in 1951. Perhaps I should quote briefly from my speech at that time as reported at page 1100 of *Hansard* for April 3, 1952:

> I should like to refer briefly to six points which were dealt with in that magazine under dateline, Washington, March 13. The first is that there are about 15 large, 30 medium, and 40 smaller plants producing airframes within Russia.

That is in addition to the engine plants and aircraft factories I mentioned a moment ago. The quotation continues:

> The Russian ministry for the aircraft industry supervises 360 factories which do all or most of their work for the red air force. Then they have a number of contributing industries such as 20 rubber factories and 15 to 18 aluminum plants.

The magazine goes on to mention that each plant is capable of producing something like 3,600 engines; and, except for the fact that there is a bottleneck in the aluminum industry, the output could be raised to 50,000 or 60,000 Russian planes per year.

It was pointed out that during the same period the United States had 27 airframe factories, about 15 smaller ones, and some 30 other companies building major subsections, etc. In that speech I added:

> To get back to the claimed production of 22,000 aircraft for Russia, it is believed that about 10,700 are fighting planes, 539 reconnaissance planes, 3,060 light and medium bombers, 1,246 heavy bombers, 1,430 transport planes and 5,000 trainer and liaison planes. The production last year in the United States was something like 5,000 planes.

Now, I do not know how authentic these figures are, but the magazine *Aviation Age* is considered a pretty reliable sort of publication, and the figures given would indicate that our productive capacity, at least as applied to aircraft, is far below that of the Russians, at least in 1951-52. I hope the minister can assure us that we are now far ahead of them in production in the NATO countries.

The minister indicated this afternoon that we have very few targets in Canada which would attract—but before going on with that, Mr. Chairman, perhaps I should call it six o'clock.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Thomas: Mr. Chairman, when the committee took recess at six o'clock I was about to say that this afternoon the minister indicated that there were in Canada few targets that would rate an attack by aircraft carrying either the atomic or the hydrogen bomb. In that statement I can agree wholeheartedly with the minister. There are in Canada very few centres that are highly industrialized and that would therefore make a good target. But that very fact brings to mind the question we have raised many times in this chamber—I know I have raised it on many occasions—namely that of decentralization.

The minister knows that if about half a dozen of the cities in Canada were to be wiped out by a hydrogen bomb attack, our industrial potential would be practically wiped out. He knows that it would take very few bombs to absolutely ruin our production. We in this group particularly, as well as many of the other members, have constantly asked the government to put more and more essential war production centres in the prairie provinces, inland somewhere in British Columbia or in the maritimes, so that even if the larger centres here in Canada might be bombed we would still have sufficient productive capacity to carry on.

That suggestion brings to our minds another consideration, namely that of transportation. If the larger railway centres in this country were put out of action, our entire transportation system would be at a standstill. As the situation is at present, if a concerted attack were made on any part of this country outside of the highly populated areas, we have not the facilities by means of which to carry to the field of action the necessary men, materials, armaments and so on. I know that in a statement not long ago the minister said that we in Canada were not in too much danger of a concentrated attack, that any attack on this country would be spotty and of a minor nature, and would probably be made by paratroopers or something like that. However, we cannot allow ourselves to become complacent. We do not know what is going to happen. If the communists should decide to make an attack on the United States rather than on some other part of the world, Canada would be the logical jumping-off place. We cannot allow ourselves to get the "It Can't Happen Here" complex.

In order to facilitate the transportation of ground troops, materials and so on that cannot be carried by air, I think we need an adequate highway system throughout this country. I can think of one good instance, and it is one that has been mentioned in this chamber many times. If an attack should be made somewhere in the north central part of British Columbia or at least if there should happen to be a concentration of troops there, we have no way whatsoever of transporting materials and men through the Yellowhead pass and into British Columbia. I use that as an example because, in my opinion, that route is absolutely necessary. In view of that necessity, I think the government should take greater action and should co-operate more fully with the provinces in setting up

not a trans-Canada highway but a trans-Canada highway system that will be adequate.

When I came back to Ottawa after the Easter recess, I was on the train with a considerable number of service personnel coming back from Korea and I had a rather interesting talk with some of them during the train trip. I asked one sergeant what was lacking in Korea as far as the Canadian soldiers were concerned or what they needed most in Korea that they did not have. I was rather surprised at his answer. What he said was this: We have good equipment; we are among the best equipped men in the field in Korea. Our food is good. We cannot complain on those grounds. The medical equipment is good. The dental equipment is good. But what we need in Korea more than anything else are some service canteens.

I know that we went into that matter about three years ago and that the minister claimed there was no necessity for them. I know that on that occasion I protested quite strongly as did other members of the opposition and some members on the government side. The sergeant to whom I was talking said they lacked that little touch of Canada while away from home. They obtained all their canteen supplies and so on through NAAFI. I do not think I need to say too much about NAAFI. The returned men here all know of the complaints—at least I do—that we all had against NAAFI during the second war. For one thing, they rely a great deal on the profits they can get. The men could not get their Canadian cigarettes, chocolate bars and so on. The tea was undrinkable and the coffee was worse. But even of more importance, it was a fact that the men could not walk into a canteen and be greeted by Canadians. The man to whom I was speaking said that the recreation facilities in the matter of canteens and so on were the greatest lack as far as operations in Korea were concerned.

I would therefore urge the minister to reconsider the stand he took at that time and to allow these various service clubs to go into Korea in the same way as they travelled all over the world with the boys during the last two wars.

In my conversation with the boys I also found out something else that was rather interesting. It had to do with the accommodation in Korea, particularly around the brigade headquarters. During all of the campaign the boys had been billeted in tents, but by sheer coincidence a few days before the Prime Minister's visit the tents suddenly disappeared and a profusion of quonset huts came on the scene. There was no shortage of them but they had not been able to get them for three years prior to that. For example, after the radio station had appeared to be at a standstill for quite some time it suddenly went on the air just three days before the Prime Minister arrived. At about the same time sudden, feverish activity with respect to the large recreational centre resulted in quite a definite change taking place a few days prior to the Prime Minister's visit.

After the minister and others have visited some of the overseas bases of the Canadian forces they return with glowing tales, but such things as I have mentioned make us wonder whether or not these stories are perhaps a little rosier than the situation is in reality. I urge the minister once more, as I have done on other occasions, that when he or his parliamentary assistant or other officials make their tours of the Canadian overseas establishments they should take at least one or two of the opposition members with them. If things are as good over there as the minister says they are, then he should be only too glad to have opposition members come back here, stand up in the house and say how good things are. On the other hand, if things are not as good as he says, then it is time that the Canadian people found out.

I have a couple of other brief references. I notice that the minister makes reference on page 11 of the white paper to the fact that nuclear information is being distributed among the NATO forces to enable them to take full advantage of these weapons. I should like the minister to elaborate on that slightly and tell us the extent of that information. I should like to know whether it is merely information as to the method of detonating the bombs or whether it goes a little further and gives information as to the set-up, the means of production and so forth.

To come to the navy, I note that the minister has indicated in the white paper that within a few months of the outbreak of hostilities the Canadian navy would have a hundred ships in action. I should like to know how many of these ships could be considered first-line ships, how many could be used for convoy or escort duty in the Atlantic or Pacific, how many could be used as coastal escort vessels and how many would have to be sunk to form barriers to keep the enemy from getting into our bays. He also said that there were 58 ships in commission at the present time. I should like to know how many of the 58 can be considered first-line ships. I should like to know whether or not they are capable of carrying out anti-submarine warfare as it is known today or whether they are the old, cumbersome, corvette-type escort vessel that was obsolete before the end of the last war.

The Canadian navy has always been engaged primarily in escort work, and once again I should like to ask the minister to give serious consideration to the production of small aircraft carriers, possibly a modernized version of the merchant aircraft carriers of the last war, a ship that is not too fast but will carry a small reconnaissance plane that can search the area immediately around the convoy in order to discover the presence of enemy submarines. In my opinion the aircraft launched from the small converted merchant aircraft carriers won the battle of the Atlantic for us. The cost is not great. They are not an expensive ship, and so far as escort work is concerned they are worth their weight in gold.

The minister referred to the air defence plan, the radar screen and so on. Like the minister, I visited one of the radar stations in the screen some time ago, and I too witnessed the interception of so-called enemy planes by fighter aircraft. I was impressed this afternoon by the figure given as to the high percentage of kills made in the air exercises. But I am wondering just how effective the air defence plan would be against highly modern, fast, high-altitude bombers. As was pointed out by the hon. member for Rosetown-Biggar, no matter how efficient the radar screen may be it cannot do us any good if the air power behind the screen is insufficient. We have to have enough modern, well-equipped aircraft here in Canada in order to back up that screen. As the minister says, with the type of aerial bomb being constructed today, not many aircraft would have to get through the screen to wreck absolutely a good many of the larger cities of Canada.

As I mentioned at the outset, we in this group will continue to support any necessary defence expenditures or defence effort. The only stipulation we put on our support is that we get value for our dollars, that for every cent that goes into our defence effort we get a cent's worth of value in return. We can only hope that by negotiations or some other means the international crisis will be solved before too long and people will know once more what peace and security are.

Mr. Churchill: Mr. Chairman, we listened with interest this afternoon to the minister's review of world conditions. I thought it was a typical statement by the minister, a general review with a touch of the external affairs debate in it; some comment about the amount of money that Canada is expending on preparations for defensive purposes; some comment on the navy; slightly more extensive comment on the air force; some mention of the army, but no close attention to the question of detail. The minister started off by suggesting that a clear meaning should be given to some of the expressions that have been used recently in international affairs, such as "massive retaliation", "the new look", and "the long haul". I had hoped he would have taken my advice on an earlier occasion and dropped the use of the word "aggression", and used instead the simple word "war". It has a very clear and well understood meaning. However, he has not come around to that yet.

I agree with the minister that the development of nuclear weapons affords a great deterrent to a major war, but that there is no evidence yet before us that small wars will not occur, that is, the wars of limited objective. For that reason we still have to place reliance on the so-called conventional weapons. To the extent that the minister and his department are maintaining our forces along conventional lines, I think that they are right. We have not yet reached, as he stated, the push-button warfare stage. However, I thought that there was a weakness in the minister's statement. I thought it was more a quartermaster general's review of the situation, mentioning supplies, accommodation, equipment and things of that nature, with a little word from the adjutant general's branch concerning personnel. We did not hear much, if anything, from the point of view of the general staff, those who are responsible for strategy and tactics. I had hoped the minister would apply his mind to the fighting effectiveness of our armed services.

I think that over the years his attitude has become the infrastructure approach to the problems. He likes to tell us about the camps, the accommodation and so on, for the forces. I have no objection to seeing the services properly housed. I believe that is a good thing. It is good for morale and it is good for health. There is no reason why they should not be well looked after. It is the question of emphasis about which I express some surprise. For example, the minister gave us one of those typical sentences of his in respect of our service people in Europe. He told us that they had the finest living accommodation for the men, their wives and children anywhere in the world. Well, that is interesting and we are glad to hear that they are being well looked after.

But I do not think that strikes at the root of the problem in respect of defence. My interest is, what are we getting for our defence dollar in fighting effectiveness? To that question, over the last two or three

years, no satisfactory answer has been forthcoming. The minister said nothing or next to nothing concerning weapons and ammunition; nothing about artillery or tanks and very little about rockets or new weapons. He did not even make any statement or announcement to us about the possibility of the Canadian army adopting a new rifle. Perhaps that will come later when we get to the second item of these estimates. I thought it was of sufficient importance for an announcement to be made during the course of the minister's major speech. On this subject he said nothing about the need for increased mobility of our forces, and that is a matter of considerable concern to those who are in charge of the NATO forces in Europe.

I thought the minister might have gone a little further into the problem of what warfare might be like in the future in this atomic age; that he might have pointed out to us that atomic weapons might be used on the battlefield as between two opposing armies; that they would cause a greater area of destruction; that they would prevent the massing of troops in a leisurely way as has been done in other wars; that heavily populated seaports and vast assembly areas would constitute a grave hazard with atomic weapons available. I thought he would go on to point out that under circumstances such as those, the need to assemble forces rapidly to launch an assault and to disperse them rapidly in case of an enemy attack with atomic artillery would require greater mobility than our army possesses today.

We do not want to be prepared merely for the last war or the one that preceded that. We have to keep in mind that other changes are in the air. It would have been very useful to the house to have had some statement from the minister along those lines. I admit that it enters the realm of tactics, perhaps of strategy, but it is only if we understand what we are up against that we can give full accord to the plans of the minister for his preparations. It is only then that the people of Canada would continue unanimously to provide the money necessary for the equipment and expansion of our forces. We surely must know how they are going to be used, and what our plans are with regard to future developments in warfare.

If we are going to have mobility for our army, tracked vehicles for cross country movement are essential and air transport for troops and supplies is essential. The use of the helicopter is a development that is proceeding apace with some armies in other parts of the world. Surely the minister might have dwelt upon this subject, and shown us whether or not our army was up to date in its planning and in its training. In a recent interview with the press, General Montgomery said that the requirement for the troops under his command was mobility and more mobility. What are we doing about that? I shall refer to that a little later.

I want now to just touch on the minister's speech of last November, to which he referred two or three times. I recall, and *Hansard* records, that last November the minister entered the debate on the speech from the throne and expressed surprise that nobody had mentioned the subject of defence. I shall just quote his words as reported at page 358 of *Hansard* for November 26. He said:

> Mr. Speaker, this debate opened two weeks ago today, and a most extraordinary thing has happened which I must confess surprises me very much, that is that during this whole period the subject of defence has not so far been mentioned.

The hon. member for Esquimalt-Saanich and myself undertook to deal with the subject later on in that debate, in answer to this challenge of the minister. Of course there was no opportunity for him to reply at that stage, and he has not taken the opportunity now to answer some of the questions we raised on that occasion.

I was suggesting to him that it would be a fine thing if the Minister of National Defence were to interest himself in the development of the armoured corps, and in the development of an armoured personnel carrier for infantry, in order that the lives of our Canadian soldiers might be saved, in the event of their being engaged in battle under conditions such as occurred during the last war in northwestern Europe. I had hoped the minister would say something about that today, although some interval has elapsed since I posed the questions to him.

I asked him this: Why is the Canadian army as a whole not being brought up to the standards required in modern warfare? Why is the armoured corps not being enlarged and returned to strength and, most important of all, why is not armoured protection for our infantry being provided?

To the last question I find what is perhaps a partial answer as it is set out at page 39 of the white paper. Paragraph 147 says:

> The army is also developing a new tracked carrier for the infantry.

I think the sentence, however, is rather carelessly written. The word "carrier" has been used in the past to refer, not to a troop-carrying vehicle but to a machine-gun-carrying vehicle. It will be recalled that we had Bren gun carriers in the second

world war. Who is to tell what this is? If it is to be an armoured personnel carrier, or a troop carrying vehicle, why not say so? But simply to say that a new tracked carrier for the infantry is being provided is not clear enough.

However, I will assume that the minister and his advisers have now come around to the view that the vehicle which was so effective in the second world war in the saving of lives of Canadian soldiers is now going to be used in the present Canadian army, and incorporated in their training. It will be a major step forward if that is done; and I will simply assume that that is now part of the policy of the department.

During the course of my remarks last November, and on other occasions, I have dealt with this topic. I have also dealt with the armoured corps and have lamented the position to which it has fallen within the Canadian army. I said it had become the Cinderella of the Canadian army.

Just a year ago, when I was discussing this matter, the minister said in reply, on April 16, 1953, as reported at page 3981 of *Hansard*:

> The hon. member for Winnipeg South Centre again referred to our playing down the armoured corps. There is no intention of doing that and there is no indication of that being done. Everyone appreciates the great importance of armour and its proper place in any fighting team.

Well, what has happened in the course of the year? If everyone appreciates that, and if the armoured corps is not being played down, then why is it not being enlarged? Why is it not being utilized effectively? I made considerable reference during the course of that speech in the house to how well the Canadian infantry corps, as well as the artillery and the engineers, had been trained, due to the campaign in Korea and to the stationing of troops in Europe, as well as to the rotation of units that had occurred. I dealt at some length with the number of senior officers in those corps of the army who had received training. There were certainly four infantry brigadiers, and a score or perhaps a dozen or more lieutenant colonels, and over a score of majors, and more than that, of company commanders and seconds in command—men who under actual service conditions received training in the command of those formations of troops. The result has been that the Canadian infantry corps, as well as the artillery and the engineers, under this process must have become a very effective fighting team.

But in the same interval what has happened to the armoured corps? This question may be of no importance, until one recalls the status of the armoured corps in the second world war, when it constituted about half of the Canadian army—two armoured divisions, two tank brigades, and so on. But what have we now? Well, we are reduced to two regiments. What training have they received during the Korean war or while the brigade has been stationed in Europe? One squadron only is serving in Korea and one in Europe, and being rotated. The tanks of those squadrons are apparently being farmed out to the infantry regiment. Perhaps they operate now and again, or have operated as squadrons. But I doubt it in Korea. There has been no opportunity for a major in command of that squadron to exercise his squadron as a whole, and there has been no competent training for majors commanding squadrons in the armoured corps. There is no training for seconds in command of armoured regiments. There is no training for lieutenant colonels of armoured regiments. So that at the conclusion of this period during which the Canadian infantry corps as well as the engineers and artillery have become fully trained under conditions of warfare, the armoured corps has been only partially trained. And no plans have been announced to us at the present time indicating any extension of the training of the armoured corps.

The result is that the officers of this part of the army simply cannot be promoted. There is no expansion of their opportunity because there is nowhere for them to go. I do not know whether the present lieutenant colonels of the armoured regiments will become brigadiers in command of infantry brigades; I do not know that. But I think that those men who have had service as lieutenant colonels overseas would take precedence over those who have had experience only here in Canada, with a reduced force under their command.

I pointed out at that time that this is a bad thing for the Canadian army. It is out of balance in relation to the way in which armies are formed elsewhere. The British army, for instance, is not neglecting its armoured corps. I believe they have three armoured divisions in Europe. The Russians have not neglected their armoured strength, nor have the Americans. Why have the Canadians—and particularly when we were experts in the use of armour during the last war?

The minister mentioned economy in men and money as one of the essential points in the defence program. Well, I would point out to him that you have economy in the use of men when you use armoured vehicles. You can have a much greater fire power with several hundred fewer men by using

an armoured brigade instead of an infantry brigade. And if they happen to be engaged in battle, you have a very much smaller casualty list. This has been proved time and again. I have advanced evidence before to this effect in the house.

In the face of these facts, why is the armoured corps in the Canadian army neglected? The minister rejected our proposal last year for the maintenance of an armoured brigade in Europe and an armoured brigade in Canada, with rotation between the two. If he will not accept that suggestion, then I put forward this. Why not constitute an armoured brigade here in Canada? Activate another regiment. Let us have three regiments and an armoured brigade headquarters, and train the personnel and the senior officers in the use of armour. It goes farther than just that.

Let me look for one moment at the training program of the Canadian army as I see it in the white paper and from reading the newspapers. The brigade in Europe participated in an exercise not so long ago and was pitted against a British armoured division, and of course acquitted itself nobly. It was a good exercise for the brigade commander and his subordinate commander, a good signal exercise, good for the transportation of the troops, for the supply of them in the field. It would be splendid for the men themselves participating in the open and simulating modern warfare, but quite unrealistic, of course. An infantry brigade versus an armoured division just would not survive under actual conditions unless it had superior artillery, because what effective fighting strength has an infantry battalion against an armoured regiment? They could put out mine fields, use a few bazookas, but under shellfire, under cover of darkness, they have no effective protection against tanks.

I notice on page 30 of the white paper we are informed in paragraph 115 that brigade groups will be assembled for collective training at Camp Wainwright and Camp Gagetown during the summer of 1954. It also says:

> A signal exercise will be conducted by headquarters first Canadian infantry division at Camp Borden in 1954, in which the divisional headquarters, headquarters second and third Canadian infantry brigades, headquarters of supporting arms and services, and signals units will participate.

That is a typical signal exercise, where officers operate from vehicles or at desks, use the wireless and simulate attack and withdrawal and so on. There is no use of troops under those circumstances.

[Mr. Churchill.]

On page 7 of the white paper we find some mention of the mobile striking force consisting of an infantry battalion with airborne units of artillery, engineers, signals, army service corps and medicals. There is no suggestion there that they have been formed into a brigade, or that it has been exercised as a brigade, and there is no mention of armoured formations at all.

I was saying that this reaches farther than simply the provision of armour to balance the army. It reaches farther than that in this way. We must assume that if we are engaged in a war of limited objective, it might be in terrain where armoured forces could be used. We must assume that if we are engaged in a somewhat larger war, armoured forces will be used. The enemy have armoured forces. Therefore the point is that unless we train the high command in the Canadian army in the use of armour we shall be in a very serious position in a state of war.

I say that it is just nonsense to be preparing simply infantry forces—and we are talking about forming a division of infantry—unless we balance against that the necessary armour to give them protection and support. If we do not provide the armour for the Canadian army, we do not train the senior officers. If we do not train the senior officers, we face a serious situation in time of war. I stood in awe of senior officers for a large portion of my life; but with the passing of the years that awe has diminished very considerably. I have the greatest respect, of course, for my distinguished colleague, the hon. member for Esquimalt-Saanich, but he will agree with me it is essential for the high command, for divisional and corps commanders, to understand the use of all arms within the army. We had many experiences in the second world war of that where people unfamiliar with armoured formations were not able to use them effectively. Repeatedly I told men under my command when we were engaged in exercises in England at which they grumbled: "Put up with it; do anything that you are told to do under these conditions because we are training the high command, and you may live a bit longer if the high command gets trained."

I am a bit worried about the Canadian army. We have a great number of experienced senior officers still with us in the service, and all credit to them for staying in the service, and all honour to them. I respect them. A great many of them have active service experience and understand conditions, but a new crop of officers is being

produced, and I doubt whether that new crop of officers is being thoroughly trained. How can they be thoroughly trained unless the armoured corps is brought back to its position within the Canadian army that it occupied heretofore? It simply means that the experienced senior officers in the Canadian infantry corps, in the engineers and in the artillery, are going to rise to the top. They will become the major generals and lieutenant generals; they will command the divisions and the corps and they will not know very much about armour. No armoured corps officer is going to reach high position because no senior armoured corps officer is being fully trained at the present time. We have no armoured brigade; we have no armoured division, and there, Mr. Chairman, is a weakness in the Canadian army which I think should be corrected.

I had hoped that the minister would deal with some of these pressing problems instead of giving us just that quartermaster general's view of the situation. It is an effective fighting force that we want. We want to know how our defence dollar is being spent. Is it producing effective fighting forces? Are we producing with that defence dollar the means for protecting the lives of our men? They will fight gallantly under any conditions. They will die as gallantly as the defenders of Dien Bien Phu, if placed under similar circumstances, but that is not war; that is suicide. The Canadian soldier, who is a first-class soldier, if well trained, should never be subjected to conditions under which he is placed at a disadvantage. My hope is that the Canadian army will become the most effective fighting force available within the NATO countries, and that it will have the full equipment for modern conditions; that it will have the mobility that is required for modern warfare, and that it will have the trained staff that is required in order to utilize to its fullest effect artillery and armour, infantry and engineers and so on. Equipped with the best of weapons, equipped with track vehicles for cross-country purposes, equipped with those protective troop carrying vehicles for the infantry, and equipped with transport aeroplanes and helicopters, if those are found to be satisfactory for use in the field, equipped in this way, brought up to date, modernized, the Canadian army would be something of which we would be prouder than we are at the present time, although we are very proud of it. It would then be an effective fighting force and there would be protection for our men if they were ever placed under modern conditions of warfare, for they would be an integrated, coordinated force which would serve to train the high command, and if we were ever called upon to undertake war in future we would achieve the success which has been granted to the Canadian soldiers in the field in other wars in which Canada has been engaged.

Mr. Gillis: Mr. Chairman, coming into the chamber this evening I noticed that the committee on procedure was sitting. It struck me at that time, after listening to the Minister of National Defence making his comprehensive statement, then listening to the official spokesmen on defence matters for the Conservative party, our own chief spokesman and the member who spoke on behalf of the Social Credit party, that if this general debate on the defence estimates stopped right there, so far as general statements are concerned, it would be much better, and we could then go into the estimates in detail, thus saving a lot of time. To my surprise, when I was upstairs in the cafeteria, the hon. member for Winnipeg North Centre, who is a member of that committee, pretty well expressed the same opinion, so we may be getting around to the time when we can avoid duplication in debate.

Listening to the Minister of National Defence this afternoon, one was struck by the fact that defence today is perhaps the biggest business in the world. The attention of the world is focused on the possibility of war, making preparations for war, and spending huge chunks of national income to that end. The hon. member for Rosetown-Biggar this afternoon dealt in detail with the defence program as set out in the white paper and I am going to try to avoid any duplication of his remarks. But, as I have already said, the thing that struck me was the difficulty of anyone in or out of the government estimating exactly what the cost of defence might be under the circumstances which today confront the world.

We are in that position simply because our program is defensive, and because we are on the defensive. The people against whom we are arming to defend ourselves are on the offensive, and they are in a position to choose their own battleground and time their attack, when it is going to be and where it will be, and there is no one either on that side of the house or on this in a position to say just when that attack will come. That is what makes the problem not only of estimating the cost but of criticizing the cost so very difficult, because the whole thing is merely a guess based on a hypothetical war. You cannot estimate that cost down to the last dollar, though you can probably make some good guesses.

I could make a speech with a lot of words that would sound all right but which would perhaps not read quite so well, and after I had finished I would not have said anything. But what I am going to try to do is to pinpoint the two things which stand out in my mind in relation to the defence program, and I think they are pretty clear.

The first of these is Canada's defence objectives as set out on page 5 of the white paper, and I think we should keep these in mind. Anything we do in this chamber, particularly of a national or international character, should have a very clearly defined objective, and the first objective set out there very briefly states:

> The objectives of our defence policy remain the same as heretofore:
> (1) The immediate defence of Canada and North America from direct attack;

That is set down as our first objective, to see that this country is sufficiently prepared in the event of a direct attack to resist that attack. And then it goes on to say:

> (2) implementation of any undertakings made by Canada under the charter of the United Nations.

And so on. That is our second objective. And again, in section 9, on the same page, prominence is again given to the first paragraph under those objectives, namely defence against direct attack. That should be the first consideration as far as Canada's national defence program is concerned, and that is the thing to which we, as members of the opposition, should be directing our attention in order to see that the objectives set out by the government are properly planned.

The minister this afternoon did not say anything about what in my judgment is one of the first requirements in any defence program, and that is that one of the first things we should do, if we expect the support of the people who pay taxes and thereby provide the wherewithal for this defence program, is to make it very clear to the general public, and particularly to service personnel, why we are arming ourselves, against whom we are arming to defend ourselves, and what we might expect in the future.

Hon. members will no doubt recall that Bill Boss wrote some very critical articles from Korea early in the Korean war and he said that as far as Canadian soldiers were concerned the thing they did not understand and which was never made clear to them was what they were fighting for. The minister neglected to deal with that particular side of the defence program.

However, I have an editorial in my hand which indicates that the defence department is working on that problem. This editorial states that at Acadia University and McGill University in Montreal a series of lectures on that subject is being given which will eventually be put into book form to be distributed among service personnel. I think that is something which is badly needed because we cannot keep on telling the people of Canada, the United States, or any other country that a continuous war is necessary in order that they may live. We must not forget that we have had practically nothing but war during the lifetime of the present generation, and it must be made clear to them exactly why we are carrying on this huge defence program. I am glad to see the department is doing something about bringing that aspect of the situation to the attention of service personnel, and I think these matters should be more widely publicized so they will be brought to the attention of the average Canadian citizen.

The second thing about which I should like to say a few words is this question that has been referred to by practically all those who have spoken, namely that of the danger of an atomic war, of the throwing of the hydrogen bomb, the possibility of setting the world afire and all that kind of thing as related to our present defence program. As far as I am concerned, I am not afraid of the throwing of the atomic bomb or the hydrogen bomb. I do not think that there is anyone in Russia, the United States or Canada who does not realize that if either the hydrogen bomb or the atomic bomb is thrown, there is not going to be anything left. I do not think there is any country in this world today that wants to commit either national or international suicide. In the event of either Russia or the United States deciding to throw that bomb, all I can say is this. Planes will load up in Russia with bombs for the North American continent. We will load planes in the United States with bombs for Russia. Each group will arrive at their destination, will bomb their targets and return; and when they get back home there will be nothing to land on. Where do they go from there? The situation is as fantastic as that, without any doubt.

I do not think there is anyone today in any kind of a position of authority to give an order to begin that kind of action who is foolish enough to do so, because nobody can win. A great deal of that propaganda, of course, may be coming from certain sources for the purpose of mixing people up on this question of defence. I do not think any such order is going to be given or that any such action is going to take place. In my opinion we are in for a long siege of the kind of thing we are getting in Korea and Indo-China. I believe we are going to get a great deal more of that kind of thing.

I am convinced—as I have been for a long time—that the objective of Russia today is to take control of Asia and that she is not going to do it with atomic bombs or hydrogen bombs. The pattern has already been set. With all due respect to everyone who has expressed the opinion that there is a danger of this other thing happening, I would suggest to them that with all of this talk of new weapons, the only practical demonstrations we have had during the past few years have been in Korea and Indo-China. In both of these actions, manpower was the decisive factor. In my judgment, for some considerable time to come the decisive factor will be manpower with ground weapons. I agree with the hon. member for Winnipeg South Centre that we are not placing enough emphasis on armament. I am convinced that is the kind of thing for which we must be prepared for a long time to come.

This afternoon the Minister of National Defence said that the policy of the communist party in the matter of world domination has not been changed. I agree with him. It has not been changed. But they are not guessing about anything. They are on the offensive. They mapped out their objectives a long time ago and the way in which they were going to achieve them. The period they are in now is that of promoting national revolutions from country to country. We started to lose this war at Yalta, Teheran and Casablanca when we granted all of the concessions that were granted for jumping-off places all through Europe. That is where we began to lose it. These contributions they are making, without using their own forces but by supplying material, advice and that kind of thing, are things that we are going to have to contend with for a long time to come.

As to Europe, I agree with what was said by the hon. member for Rosetown-Biggar this afternoon. We have twelve squadrons over in Europe. From the standpoint of defence for Canada, I believe that we could take six of them back. If we save some money through the process, that is all to the good. I believe that six of them could be back here. Instead of there being a brigade of foot soldiers in Europe, I think the forces there should be, to the extent of at least 75 per cent, armoured forces. I think at this time the real purpose our troops in Europe are serving is that of morale-boosters. If the Russians, with the forces at their disposal, wanted to move there, I do not think there is much there to stop them. However, I do not think they intend to move there; I do not think they have any such intentions. But if they did move, it would be much better to meet them with armour than with foot soldiers. In terms of defence for Canada, I think that these squadrons should be back home. I agree with the observations in the white paper, supported by all of those who have spoken, namely that what we should be thinking about is a mobile striking force; that is, in terms of defence for Canada. The minister himself pointed out that we have a large country with long coast line. We do not know where anything may happen. It could happen anywhere. But we should have in Canada a trained airborne force that we could ship from place to place in a hurry, and it should be at the brigade level. I again agree with the hon. member for Rosetown-Biggar that at least a brigade of well-trained airborne troops, with sufficient aircraft in the country to move them from one place to another, is something that is absolutely necessary in Canada if we are thinking in terms of defence for Canada. With our population and our resources, as far as a fighting force is concerned that is about all we can do having regard to the international picture that exists today.

This afternoon nobody said much about the reserve army. The last time the defence estimates were before the committee a great deal was said about the reserve army. I myself said a great deal as did the hon. member for Esquimalt-Saanich. At that time, in my opinion, the limiting factor in developing a proper reserve army was the lack of barracks in which to train the men and the lack of equipment. Since that debate took place there has been a big improvement in the barracks and in the equipment. I cannot speak for the whole of the country but I know that in my own end of it there has been a 100 per cent improvement and that, with the improvement in the training facilities—new barracks, in fact, and proper equipment—there are a great many boys interested in taking part in the reserve army today who would not do so previously because there was not available a proper place in which to take instruction. Under our system of voluntary enlistment, I think the reserve army is something that is absolutely necessary. It is the mobilization centre of any future army in Canada. It is the place where we get a great deal of basic training done anyway; and it is much easier to put in the permanent force or in the special force troops who have had some basic training and who have some idea of discipline than it is to pick them raw off the street and out of the ranks of the unemployed and expect them to be good soldiers. I think any money we are spending on the reserve army is well spent. In my end of

the country the reserve army has been improved 100 per cent since we last discussed the matter here. I also agree with the statement of the hon. member for Rosetown-Biggar this afternoon that the "Maggie" should be re-equipped so that we might have an aircraft carrier on each coast. I think that is necessary not only for training but for many other purposes, and I support him in that contention.

One could go on for a long time in summing up the whole problem, but as I said when I started, it is difficult to criticize the estimates just as it is difficult to estimate what the requirements are going to be with respect to a matter that is purely hypothetical so far as we are concerned. If we were preparing for a war and knew where and when we were going to be hit we could sit down and make our estimates accordingly; but when the initiative is in the other person's hands and he has the world in which to choose his battleground, then we have got to anticipate where and when the outbreak may take place and what type of war it is going to be, and it is pretty hard to sit down and estimate exactly what your requirements are in such circumstances.

I think we have to begin to think in terms of priorities. What are the first priorities? I think our first priority is set out in the white paper, namely, the defence of Canada. Thinking in terms of the defence of Canada, the main emphasis of the Department of National Defence should be on a mobile striking force that can be moved quickly from one section of Canada to the other. I think that is our main concern, and I believe that one-half of our air force in Europe should be brought back to Canada for that purpose. I do not believe we need twelve air force squadrons in Europe as Canada's contribution. I think the minister should give serious consideration to that.

I am convinced that so far as Canada is concerned we should not be thinking about taking part in the kind of show that took place in Korea in the future. We should be building for something bigger than that. We should realize that so far as any of these sideline wars are concerned the battlefield is not in Korea or Indo-China. I think it is pretty nearly time that the free world gave our potential enemy to understand that there is only one battleground and that we are not going to continue to allow ourselves to be dragged into sideline skirmishes in the four corners of the world, skirmishes that only create confusion, at the beck and call of someone whose aim is world conquest. I think it should be clearly understood that there is only one battleground, and that is the centre from which the whole world disturbance is being promoted.

I believe our build-up should be along these lines, and it should be clearly understood that we recognize what the situation is. If one sifts out what is being said in the United States, I think one can say that that country is beginning to think along those lines. We are in a very difficult position to estimate what our future is going to be. I believe the hon. member for Esquimalt-Saanich will agree with me that one of the main things a good general will do if he is planning an attack is to choose the battleground upon which he is going to fight. He has a lot in his favour if he can succeed in doing that.

Since the end of the last shooting war we have been in the position of being tossed around like a small boat on the sea because someone who really has a fixed objective, an objective fixed a long time ago, and who has satellites all over the world promoting his aims, is calling the shots in this struggle for world power. It is pretty difficult to sit back on the defensive as we have been doing for a long time and estimate what our future is going to be. First of all, I think we should take care of the defence of Canada and make sure that if anyone does succeed in getting through to us we will be able to give a good account of ourselves. In the second place, we should serve notice on those who are disturbing the peace of the world that they cannot go on forever.

I am not and never have been afraid of Russia starting a world war. She does not have to. She has got the kind of war going today that she wants. This is the kind of thing that she has planned for a good many years. I am convinced she also recognizes that in the countries she has subjugated since the end of the last war there are underground movements waiting for relief. The day an atomic bomb is dropped somewhere in Europe will be the day that Russia will be pushed back within her own borders. She has expanded into Germany. In that part of the world she is like the fly that has captured the fly paper. She is there and she is stuck, and when that paper is disturbed we will have a whole lot of allies in these countries.

That is why I am not afraid of Russia starting a war. She does not need it. She has got the kind of war she wants now. She has been able to drag us to Korea where we have a supply line three or four thousand miles long in order to keep the troops in the field, provide them with munitions and so on. On the

other hand Russia has millions and millions of people to throw in there as cannon fodder, people who can live on rice, and thus she can gain her objective of taking control of the whole of Asia. That is the kind of war she wants. She does not want the other kind.

I said, Mr. Chairman, that I was only going to make a few rambling remarks. I should like to suggest that the committee on procedure give consideration to making provision for four main speeches in a debate such as this, one from each group in the house. Such speeches would really express the opinions and thinking of the other members of the groups, and when they were over we could get down to the estimates and do the job of getting them cleaned up as quickly as we can.

Mr. Nesbitt: Mr. Chairman, my remarks on the opening item of the estimates will be concerned chiefly with the Royal Canadian Navy. I think every hon. member is justifiably proud of the Royal Canadian Navy, its great expansion in the last war and the work it performed then and the work it has done since in Korean waters. From any observations I have made of naval personnel since the close of hostilities, I can only say that naval personnel at present and during the last few years are in every way a credit to Canada both at home and abroad.

Like many other hon. members who have already spoken, I thoroughly agree that we cannot discard the so-called conventional weapons at the present time simply because new advances in the field of warfare have been made such as the hydrogen bomb, the atom bomb and so on. I agree with the last member who spoke, the hon. member for Cape Breton South, that Russia will probably attempt to hold piecemeal wars here and there, and try to gain control over more territory by the bits and pieces method. We have seen it in Korea, although they did not get too far there. In Indo-China, however, they have been doing fairly well so far. From reports received today, I understand they are very close to Hanoi and are still going. The Russians have been able to succeed in other parts of the world without war, for instance in Czechoslovakia. I rather feel, as many other members have already stated they feel, that this is the kind of thing we are going to have to put up with for a long time.

We may have many localized actions all over the world, and we will not be using nuclear weapons. We shall have to use the more conventional weapons. For that reason, I am quite in accord that the naval forces, with conventional weapons, should be maintained at the highest peak of efficiency. I am glad to see in the estimates put forward by the minister this year that the navy is going to receive its fair share of the funds available. I was pleased also to observe that gracious living is not being taken from the navy. This year 267 chauffeurs are to be maintained as compared with 216 for last year.

The matter with which I should like to deal in some detail concerns the Royal Canadian naval benevolent fund. I mention this because I have received many inquiries about it from naval personnel, so I can only presume that there must be very little general knowledge about the fund. I bring it up at this time because this fund was set up originally by order in council in 1942, P.C. 1067. In due course the fund was incorporated under the dominion Companies Act, and I understand makes an annual report to the Secretary of State. The president of this fund at the moment is an engineering rear admiral, G. L. Stephens, retired. I should like to mention just a few of the directors. They are Commander A. C. Bethune, O.B.E., RCN, retired; Captain J. Jeffrey, O.B.E.; Commander K. Maclachlan; Commodore P. E. Earl; Captain P. B. German; Commander R. P. White, and many others. I just mention those names to illustrate the high qualifications of those who are administering this fund.

The fund has had a rather interesting history, but I intend to deal with it only briefly. I have mentioned already that it was set up in 1942 and was duly incorporated in 1945. I recall very well that at the close of hostilities a signal was sent out by naval service headquarters announcing that the canteen funds of naval ships were to be turned over to this fund. I might say that most of us considered it rather arbitrary at the time because these funds actually were derived from the small profits of ships' canteens and were normally returned to naval personnel on the ships in the form of a bonus when they went on leave or a little extra party at Christmastime if we were in harbour. However, these funds were turned over to the R.C.N. benevolent fund. I believe that at the end of 1945 the fund received $33,000 from the ships that were afloat and $386,000 from shore naval establishments.

Towards the end of 1949 the sum of $1,460,-287.25 was contributed to this fund from the prize money that was owing to Canadian naval personnel as a result of the capture of enemy merchant ships during the war. Normally, these moneys would have been distributed to the various former naval personnel, but I am informed that the cost of distributing them to the ex-naval personnel would have been very high and would have used up most of the funds. For this reason, it

was turned over to the benevolent fund. I am informed also that there was some little difficulty as to how the money would be paid out, if it had been decided to distribute it. Some of the senior officers thought they should get more than the lower ranks, while other members thought everyone should be paid the same. Since no one could agree, this was one of the contributing reasons for turning the money over to the benevolent fund.

Since that time many other donations have been received by the fund. There have been gifts from private individuals, money from ships' canteens, money from the navy league, and things like that. The last audit statement, December 31, 1953, showed that there was $2,627,509.79 in this fund, largely in dominion government bonds. Since there is all this money in the fund, many people are naturally curious as to who is eligible for assistance. Very briefly and without going into any detail, all members or former members of the naval service are eligible for benefits, as well as their dependents. There is a long description of the dependents, such as widows, wives, children and so on.

The next question is, what type of assistance is given by the fund? Normally, payments out of this fund are apparently in small denominations up to $150 in one class and then up to $300 in another class, and, in certain exceptional cases, over $300. The assistance under this fund is never in the nature of continuing assistance, but rather in the nature of assistance for some unforeseen difficulty such as illness. It is not used for helping people to build homes, to pay business debts or anything like that. I should like to mention that these loans are approved by an executive committee of the board of directors if they are for more than $300. If the loans are under $300, they are approved by one of three claims committees. One of these claims committees looks after the Atlantic provinces, another looks after Ontario, Quebec and the three western provinces and the third looks after British Columbia.

In cases of extreme emergency concerning requests for less than $150, the nearest naval division may authorize payment. The financial statement issued by the fund last year showed that some $629,126 were paid out in grants and $85,281 were advanced to persons in the form of loans. The balance sheet shows an excess of income over expenditures of $11,548. The income consisted of $75,000 from bond interest and $70,000 in donations, funds from ships' canteens and various agencies interested in the navy.

There is one thing that has come up as a result of investigations by the directors of this fund that directly affects naval personnel and is directly related to these estimates. In a report by Rear Admiral Stephens, who is chairman of this committee, it is pointed out that the directors of this fund are increasingly concerned about applications for assistance from young naval personnel in the active service. Apparently these young people have been getting themselves into debt through buying furniture in an extravagant fashion. They have married while young, and they have not been accustomed to looking after homes. The result has been that they have spent far too much money in trying to keep up with the Joneses, so to speak. Applications of this type have caused the fund considerable worry, and I think the directors of the fund hope that the Minister of National Defence might authorize some sort of brief training course instructing sailors who come to the service in how to run their homes, and how to avoid running up large bills.

The only criticism I have to offer in connection with the benevolent fund is as to the personnel of the board of directors. It would seem to me that it is a bit top-heavy with what might be called the top brass. There are a lot of admirals, captains and commanders, but there do not seem to be any others on that board. It might be helpful if there were one or two able seamen—not too many, perhaps, but just one or two.

In addition to this, people who wish to make applications to the fund might be permitted to make those applications to the local branches of the Legion. The astonishing thing to me is that the ordinary person does not seem to know about it. I feel some effort should be made by the directors of the fund to bring to the attention of the public information as to how one can get at it and how to make application for the benefits it offers. There are a number of naval divisions scattered across Canada, as we know, but they are a long way from the homes of the people requiring assistance. There should be some method of publicizing the fund which, I believe, would be of great assistance to those requiring help from it, and would improve public relations with the fund. Because, from what I have been able to observe, it is being ably run; but because the general public does not know about it, it is not used to the best advantage because people are always suspicious about those things with which they are not familiar.

I should like to leave this point and proceed to another matter. This afternoon the minister mentioned that he was very well satisfied with the naval program, and felt that it was going ahead as well as could be

expected. While there were certain shortcomings, he indicated that he was very pleased with it. This however does not seem to be quite in accordance with the view expressed by Vice-Admiral Mainguy, chief of Canada's naval staff, in a speech delivered not long ago. On March 25 Vice-Admiral Mainguy made a speech in Vancouver. The newspaper article commenting on that speech is as follows:

> Vice-Admiral Edmond Mainguy, chief of Canada's naval staff, said Wednesday the navy is "behind" on its 1954 recruiting and expansion program.
>
> He said at a press conference here that the 1954 target is 100 commissioned ships and 21,000 permanent force officers and men.
>
> While the program was behind, recruiting had surged this year, and intake for the permanent force was "slightly more than we can handle" at present, because physical establishments were not big enough to handle the flow.
>
> The shipbuilding program was behind because of a lack of certain technicians, strikes in some cases, and holdups in certain equipment production.

According to the white paper issued by the minister the strength of the navy on March 31, 1954, was 16,955 officers and men, a net increase over last year of 1,409. It is rather interesting to compare these figures with the net increase in previous years. From 1951 to 1952 the net increase in naval personnel was 2,423. In the period from 1952 to 1953 it was 2,041 and in the period 1953 to 1954 it was 1,409.

In other words there has been a steady decrease in the net increase in naval personnel for the last three years. At that rate it seems to me hardly likely that by the end of 1954 the objective of 21,000 officers and men will be reached. The question naturally arises in most people's minds as to the methods used in recruiting, and the advertising costs in connection therewith. In the estimates this year there is a sum of $360,000 as the amount indicated for advertising. Presumably this is for recruiting purposes. I would point out that in the same period last year the amount was $358,000, or about the same as for the coming year.

During the period last year, with a net increase of 1,409 personnel the approximate advertising cost per person on the net increase in personnel was more than $250 each. It would seem to me that at that cost we should have obtained better results. The actual cost of advertising for recruits in the period from 1952 to 1953 was $398,000, for a net increase in naval personnel of 2,041 thus making an actual cost in that period of $188 per person.

As I have said before, advertising costs seem very high, per person, when one considers the number of people coming in. What can we do about it? I would suggest to the minister that he might take certain things into consideration. First of all the obvious thing would be to investigate the type of advertising and publicity that is being used, to see if some improvement can be made. It may be that this is possible, and that we would gain more recruits per advertisement.

On the other hand there is another way that I believe would be more effective—and I have three suggestions in mind. First of all I believe the best results would be obtained if the naval reserve were increased. I would direct the attention of hon. members to page 21 of the minister's white paper where under the heading "Reserve Forces" we find this, in connection with the navy:

> A new command was established during the year past to administer and train the R.C.N. (R) and plans are now in progress to increase the total strength of the naval reserve.

Apparently the minister is of the opinion that the reserve force ought to be increased; and I quite agree with him. If the naval reserve is not increasing at the desired rate, one method that might help out would be to make tax free the pay received by members of the naval reserve. I have talked to a number of people who were interested in joining this force, or one of the other services, and they have told me that they would have done so had it not been for the fact that the money they received for their period of training one night a week is subject to tax. This very often puts them in a higher income tax bracket, and they have felt that the amount they have left is not sufficient to warrant the time involved. I have been told on various occasions that if these payments were not taxable they would have been glad to join the reserve units. It is true that some who would join might be somewhat beyond the age of usefulness. But there is certainly an intangible value in having a strong naval reserve. One advantage is that the people see parades; they see the navy turning out. People talk about it, and it is brought to their minds more than it would be in the newspapers or in movie trailers. People can see the name as the personnel come down the street in a church parade, or they have the chance to see them take training courses. That helps to bring the navy to people's minds, not so many advertisements in the paper of two sailors with great big smiles going on leave from a ship, or more often one advertisement which shows sailors with a big smile going back on board after leave, which is very unusual.

Then there is the matter of sea cadets. If you want to get people in the navy you should get them in when they are young, because at that time they are more easily

moulded. They are not settled in their ways as some of us are here. When people are young is the best time to get them in the navy. Sea cadets do a wonderful job in this way. When they join the sea cadets they wear a uniform and they get a certain amount of training. It brings the navy home to them. The advantages of the navy can be pointed out to the sea cadets, and when they are through with the sea cadets they can join the navy. When the public sees the sea cadets it also brings the navy to their minds and impresses them with the fact that the navy is a great service to belong to.

Another branch along the same line would be the naval veterans association. Apparently a number of naval veterans associations have sprung up in Canada during the last few years. One was formed in my riding last fall and it has been a great success. A church parade was held, and it brought the navy home to the public. To use the vernacular: "Talk up the navy". It is such things as these that would help in recruiting. It is much more effective than a great deal of advertising. Some of the money that has been spent in advertising could be better used to assist the sea cadets and the small branches of the naval veterans association. If that were done the recruiting program in the long run would be much more successful.

The next item I should like to touch on is the matter of some of our new ships. Last fall I, along with other hon. members, had the opportunity of seeing some of our new destroyer type of escort ships which are in the process of construction. From my little knowledge gained in past years I would say that these ships appear to me to be well designed by Canadian personnel, I understand, and are indeed a credit to the navy. However, I agree with the hon. member for Esquimalt-Saanich that these ships are a little expensive for the type of work they will be doing. Perhaps some other method, as the hon. member pointed out this afternoon, would be better. The question also arises in my mind: Is the construction of those ships proceeding as fast as it should? This afternoon the minister said that construction was proceeding as fast as similar construction in other countries, but I do not think he intimated it was proceeding as fast as he would like to see it. I am informed that shortly before last Christmas there was a hold-up in the construction of those new destroyer escort type ships and this hold-up was due to shortages of materials that had to be ordered from abroad. When the minister replies he may enlighten us on whether any hold-up in construction has taken place, and whether construction has resumed or is still held up.

The information I received is apparently substantiated by the chief of naval staff in the speech that I referred to earlier. He said that the shipbuilding program was behind because of lack of certain technicians and was held up for certain equipment production. These remarks of the chief of the naval staff seem to substantiate the statement made to me that the construction of those ships was not proceeding as fast as it should.

Another type of ship that I had the opportunity to observe at the same time last fall was the new type of minesweeper which was under construction. This minesweeper, unlike the ones used in the last war, was designed largely for minesweeping purposes. It seemed to be an excellent ship indeed with the one exception. A gun was mounted on the ship aft the funnel. It appeared to me to be a type of gun known as a pom-pom. In the last war those guns were not particularly effective against enemy aircraft, and I doubt very much whether this gun would have very much effect against a modern jet aircraft, which certainly travels a great deal faster than the aircraft used in the last war. I made some inquiries at the time and it was indicated to me that this gun was placed there largely for morale purposes and not for any destructive purposes. That is all very well. It is pleasant to keep up morale, but when you have to put heavy gun mountings away above the water line on the ship you have increased the amount of ballast that has to be built in in almost geometric proportion. It would seem that if those ships are going to be used for minesweeping they would be much better protected by supporting aircraft than by a single pom-pom.

There are two other items which I should like to touch on before concluding. The first is the matter of officer training in the navy. This matter is of some interest to me because during the last war I was at one time largely connected with officer training. I understand that at the present time for the first two years the embryo naval officers, along with embryo officers from the other services, attend those tri-service colleges and they all get the same training. That is all very fine, and it may have certain economic advantages. It may serve to get one service more familiar with the activities of another, but on the other hand I wonder whether it is just the wise thing. In the minister's white paper, which he set out very well, he said

that the main object of the Canadian navy is to protect convoys and the secondary purpose is harbour defence. Accordingly the inference is that we are not going to be concerned with large combined operations in landings, and so on, as the British navy and the United States navy are. Our purpose is designed peculiarly for convoy work, as we did in the last war. If that is so, it would not indicate that this tri-service training is particularly necessary. If we are not going to be in combined operations, what is the purpose? In my opinion this tri-service training that we are undergoing at the present time causes a great many things to be sacrificed that are peculiar to the navy. I do not use the word "peculiar" in the sense of being strange; but it is in particular, shall I say, the habits and customs, the methods of discipline, all of which tend to engender pride in one's service and increase morale. I think there is a great tendency to lose some of this in having the three services all training together, and nobody knowing whether he is fish or flesh, so to speak. I mention that for the minister's consideration. Has the tri-service college worked out as well as it was supposed to?

A matter that I should like to touch on, which does not concern the navy, was mentioned by the minister this afternoon, namely, the joint United States-Canadian network of radar defence stations in northern Canada. To date we have not received any figures as to what it has cost. It is my understanding that these sums are of a confidential and secret nature. There is very little doubt that the costs of those radar defence stations are very high indeed. It cannot be otherwise. Every hon. member will agree that Canada should do her bit in helping to defend this continent. We are very glad to do our share. There seems little doubt in my mind that these radar defence stations are really far more for the protection of the United States than they are for the protection of Canada. There are far more targets in the United States which would be apt to be the subject of H or A-bomb attacks than there are in Canada. But the minister has not told us what these stations are going to cost and what relative proportion of payment has been worked out. Is the United States going to pay the entire cost or are they going to pay only a part?

Mr. Claxton: If I may interrupt the hon. member, I would point out that that has been put on record through an exchange of notes.

Mr. Nesbitt: Perhaps I could shorten my remarks if the minister could tell us the proportion of payments.

Mr. Claxton: It roughly works out at two-thirds by the United States and one-third by Canada.

Mr. Nesbitt: I had heard rumours to that effect, Mr. Chairman, although I did not realize they had been made official. However, it would seem to me that since the population of the United States is more than ten times that of Canada and their wealth and resources are vastly superior, and perhaps 10 times more than that of Canada—possibly, Mr. Chairman, I had better correct that statement. I would say that American resources and wealth are considerably more than 10 times that of Canada and her population is certainly more than 10 times that of Canada. It would therefore seem to me, Mr. Chairman, that Canada's share should not be one-third but perhaps nearer to one-tenth. As I said earlier, we want to pay our share but we do not want to be goats for the United States. These defences help the United States as much as or more than they assist Canada, and I cannot see why a country smaller in both actual wealth and population should have to pay such a high percentage.

It is true that we have vast wealth and resources which are as yet undeveloped, but at the present time American resources and wealth are infinitely superior to our own and I cannot feel that we should pay one-third of the cost of these stations. It seems to me to be quite ridiculous.

I know these matters are international in character and that we have to play along with the United States. In fact, I would be the first to agree with that, but I still feel that Canada is paying far too much in this regard, and I hope the minister, perhaps through the Secretary of State for External Affairs, might be able to make some other arrangement in future whereby we can pay a little less.

Mr. MacLean: Mr. Chairman, at the outset I wish to remark that I do not share the optimism expressed by the hon. member for Cape Breton South when he suggested that modern atomic and H-bombs were so horrible that they would probably never be brought into use and that we could work on that assumption. I can well imagine that after the terrible slaughter at the battle of Crécy it was observed by the people on the scene, and the opinion held by many thereafter, that another war would be impossible when one contemplated the horrible slaughter caused by the blunderbuss against which there was no defence.

I therefore think we would be deluding ourselves and falling into a state of mind which

might give us a false sense of security if we were to suppose that that was so.

Now, Mr. Chairman, I noted with satisfaction in the introduction to the white paper which was tabled by the minister the other day these words:

> It is appropriate now to provide the fullest possible information on our defence activities and plans in order that this program can be understood in the light of Canada's over-all defence policy.

Having read that, I am going on the assumption that the minister will welcome a close questioning on the activities of the Department of National Defence, and I assume that the more penetrating the questions are the happier the minister will be.

Now, the question of national defence in this country has become a colossal one. It is a department which spends much more of the national budget than any other department, and indeed a very large proportion of our total budget is now spent on defence.

Our defence effort has many new phases. There is the defence of this continent and this country; there is our contribution to NATO; there are the three services to be considered; the reserve forces, and the question of research on methods of defence, which is now the responsibility of the defence research board; and there are many other phases in this vast program of national defence. I therefore consider, Mr. Chairman, that it is impossible and perhaps inadvisable for me to attempt to give even a cursory view of the whole question of national defence because by so doing I could only skim the surface in the 40 minutes at my disposal. Therefore, I intend to confine my remarks to two subjects only which are of special interest to me. However, since it is practically ten o'clock, I do not think I should continue meantime but should ask you, Mr. Chairman, to call it ten o'clock.

The Deputy Chairman: I was given to understand unofficially that some arrangement had been arrived at between representatives of the parties whereby the house would sit beyond ten o'clock tonight. I would be glad to hear from those who were parties to that arrangement and whether that is correct.

Mr. Lennard: It is ten o'clock.

Mr. MacLean: Mr. Chairman, I would be quite happy to carry on if that meets with the approval of the committee.

Mr. Claxton: Go ahead.

Mr. Lennard: Mr. Chairman, it is ten o'clock.

[Mr. MacLean.]

Mr. Harris: Mr. Chairman, before you call it ten o'clock may I point out that it was my understanding that it was a matter of convenience to all hon. members that we should continue this debate in order that we might get on with this work, and I understand it was suggested we might make better progress by taking the hour between ten and eleven o'clock tonight.

Mr. Lennard: It is ten o'clock, Mr. Chairman.

Mr. Green: May I say that we have been trying to work out some arrangement in order that it would not be necessary to start morning sittings next week, and it was my understanding that the estimates would be under discussion tonight until eleven o'clock. I have no control over other hon. members but I hope that some arrangement of that kind can be worked out. That certainly is the understanding of the Leader of the Opposition and I hope that can be done.

The Deputy Chairman: Is that agreeable to the committee?

Some hon. Members: Agreed.

Mr. Lennard: It was not my understanding.

Mr. MacLean: Mr. Chairman, when I was interrupted I was saying that there were two subjects to which I wanted to confine my attention. One of them is the reserve forces of the army and navy in the province from which I come, and in the course of my remarks in that connection I will probably be paying particular attention to the reserve forces in my own riding.

We in Prince Edward Island are very proud of the history and record of our reserve forces which have been built up over the last 150 years. They have a very proud record of service both in peace and in many wars. I think you will pardon me if, in that connection, I quote briefly from the *Prince Edward Island* magazine for April, 1900, over 50 years ago. Even at that time a record of excellent service by the reserve forces of that province had already been built up. At page 40 in this article I note the following:

> In 1812, we find the "garden province" sending her sons to battle in the war of that date. In that year 100 volunteers left Queen's wharf on one of H.M. ships-of-war en route to the scene of conflict.

And so on. Then again they go on to say:

> In the Crimean war, quite a number of Islanders fought in the British ranks; some went from the Island and others enlisted from different parts of the world. In fact, wherever Britain's battles were being fought, whether in the Crimea, beneath the walls of China, or the battlefields of Europe and

America, there might be found the sons of the "Garden of the Gulf" fighting valiantly for their sovereign and the empire.

I cite that merely to point out that it has been traditional in my province for young men to take a keen interest in the reserve forces and to serve in them if at all possible. They automatically considered that service to be one of their responsibilities. In that connection may I say this. Even before the province entered confederation it had a very fine record of service in that connection. In order that my remarks will not be classified merely as an opinion, I should again like to read a quotation. I am quoting now from the report of the inspecting field officer of militia for the year 1868. He had this to say:

> I have dwelt at some length on this portion of the militia because it is the effective force of the island, and too much attention cannot be given to the maintenance of its efficiency as it appears a matter of certainty that the Imperial troops are no longer to hold garrison here. The "material" is unexceptionable and only requires steady instruction, good organization and discipline to render it a force second to none. They are most eager to obtain the means of training, and were the staff of instructors twice as numerous as it is, it would be insufficient to meet all the demands made upon it. The Queen's County Regiment of Volunteer Militia is well commanded by competent field officers.

He goes on to say, in that connection, that during that year 9,178 men in the reserves received instruction. As a matter of fact, Mr. Chairman, in that year in the one county alone, with a population of only 45,000, the colony had 5,213 trained reserves before confederation.

I have a purpose in making these rather ancient quotations, and I hope it will become more evident as I go along. It goes almost without saying that in the later wars—the Boer war, the first and second great wars and now more recently the Korean war—recruiting and volunteering for active service have been highly satisfactory indeed in the island province; and I believe this situation is owing to the fine record of service achieved and the interest which has been kept up by the reserve units over the years. During the South African war there were 75 men who volunteered, mostly from Prince Edward Island. That is not a large figure but it is a large percentage in relation to the population, considering the numbers who saw service in South Africa. In the first world war there were almost 4,000 recruits in the army alone from that province or who were recruited in that province, not taking into account men who served in the navy and men who enlisted in the neighbouring provinces for service in that war. In the last war the total enlistment was much greater. The army had about 6,500, the air force had nearly 2,000 and the navy had 1,500. That makes a total of approximately 10,000. That does not take into account considerable numbers of men from that province who served in the merchant navy and who enlisted in the neighbouring provinces for service.

I think that this record is not accidental, Mr. Chairman. As I have already stated, I think one of the reasons for it was the fine degree of interest in military service which has been kept up in that province over the years by the active reserve units of the army and latterly of the navy in that province. Between the two wars these units included the Prince Edward Island Highlanders, the P.E.I. light horse, two old established medium batteries of artillery and other units such as a company of signals, medical corps and so on. Since the second world war the tradition of these regiments is now being carried on by the P.E.I. R.E.C.C.E. regiment, the 28th light anti-aircraft regiment, a unit of signals, a medical corps unit and so forth. The R.C.N.V.R. reserves in that province have the record of being one of the earliest units of the R.C.N.V.R. organized in Canada. I think it was either the first or the second unit. During the last war, personnel who had served in that reserve unit created a proud record of service for the area, especially the city of Charlottetown. In the last war there were over 100 commissioned officers serving in the Canadian navy from the small city of Charlottetown with a population of only about 15,000. I think that result amply justifies many times over any expenditure which may have been made on behalf of that small naval reserve unit before the last war.

I should now like to consider for a few minutes the difficulties under which these reserve units are working. Last year I put on the order paper a question with regard to the armouries in Charlottetown. It was a very simple question and read as follows:

> When were the armouries in Charlottetown, Prince Edward Island, built?

I received this rather amazing answer: No information. The reason there is no information is that the armouries in Charlottetown are so old that you would have to dig into the archives to find out when they were built. I therefore took it upon myself to attempt to supply some of the information. I find that the armouries in Charlottetown were built by the colonial government well prior to Prince Edward Island entering confederation. In the report of the inspecting

officer of militia for 1867—and he was Colonel A. Douglas Smith—I find this statement:

> Three drill sheds have been erected. Their erection was a matter of absolute necessity and will confer positive important benefits on the inhabitants of Charlottetown, Summerside and Georgetown.

That was the beginning of the present Charlottetown armouries. I find in the public accounts for the same year a reference to warrants which were paid toward the construction of that drill hall to the amount of 1,671 pounds, 11 shillings and 11 pence. That will give some indication of the age of the building. It is an old, inadequate wooden building. True, there have been some modifications and additions.

In that connection I find that the armouries, which are now called the "drill hall"—the two terms are synonymous—were opened on the 15th of January, 1867. A new drill hall at the west end of Kent street was opened by the commander in chief, Lieutenant Governor George Dundas. I find too that the drill hall was widened a little bit on the west side prior to the first great war. Here is another interesting note:

> The new artillery orderly rooms facing Government Pond were opened on the evening of the 8th of April, 1897.

When anything in my province is less than 55 years old it is new as far as accommodation for the reserve force is concerned. I should like you to pay special attention to this point, that these rooms were largely paid for by the officers of the artillery units themselves out of their personal incomes. I believe that should give the committee some indication of the inadequacy of the accommodation provided for the reserve forces in the capital city of Prince Edward Island. Prior to confederation a wave of interest in national defence seemed to sweep over the colony. No doubt this was partly due to the threat of war between the colonies and the United States. Possibly the fervour of patriotic zeal may have been fanned by the excitement caused just a few years prior by the "Charge of the Light Brigade", but in any event the colony saw fit to build a drill hall and we are still getting by with substantially the same building.

I think I should also refer to the accommodation provided for the naval reserve unit, now known as H.M.C.S. *Queen Charlotte*. As I have already said, it has a very fine record of service but it is housed in a building which is over 100 years old, a building which was first used as a furniture factory, then subsequently as a candy factory, then for a while as an emergency hospital for the insane because of a serious fire in that institution, then was vacant for a number of years, and then H.M.C.S. *Queen Charlotte* fell heir to it. It is rented from the provincial government at considerable expense, and the building is utterly unsuitable for the use to which it is put. It is in such bad condition that I understand it is not safe to allow more than 60 people on the second floor at any time because it may collapse.

It was also found impossible to instal the training equipment supplied for the division because it was too heavy to be set up in the building. I am happy to have read that the commanding officer of the naval reserve units, Commodore Adams, recently inspected that division, and it is referred to in the press as follows:

> A strong recommendation for better training facilities for H.M.C.S. *Queen Charlotte* will be made by Commodore Kenneth F. Adams, C.D., R.C.N., commanding officer, naval division, Hamilton, Ontario.

I am confident that this strong recommendation will go through, and when it does I hope it will be sympathetically dealt with because I think the minister will recognize that I am not pleading for any special handout for my riding. Neither am I pleading for any unjustified expenditure of public funds. I think that adequate facilities for the reserve units in the city of Charlottetown are completely justified. It would be good business and in the long run would effect economies in defence expenditures.

That of course is predicated on the supposition that in the future pattern of defence there is a place for the reserve forces. I feel strongly that there is. I should like the minister to clarify the position of our reserve forces and the role they will play in national defence in the years ahead. I think there is considerable demand throughout the country that the role of our reserve forces be clarified so that not only they but the general public will know what the policy is regarding them.

There is another facility used by the reserve units in my province to which I want to refer very briefly. It is the rifle range just outside of Charlottetown at Squaw Point. I understand that the butts there are being eroded by the sea and it is necessary either to move them or to protect them by some sort of sea wall. I hope that the need for maintaining a standard rifle range in that area will be recognized and that at an early time the required attention will be given to that project. That is all I want to say in that connection except to appeal to the minister to see that this ancient injustice is rectified. I do not want to make any special criticism of the present government because the facilities

of the reserve forces are so unsatisfactory inasmuch as it is the fault not only of this government but of every government for the last 50 years that the accommodation for the reserve forces in my province is so inadequate.

I want to turn for a few moments to an entirely different subject. I refer to aircraft procurement for the Royal Canadian Air Force. In the white paper tabled by the minister the other day there is the statement that several CF-100 all-weather squadrons are already operating in Canada. I should like some clarification as to exactly what "several" means. I know that the dictionary meaning of "several" is anything more than two. But by using that term, people might be led to believe that it is considerably more than two. I have a suspicion that the number is three, and I should like the minister to say definitely whether or not my assumption on that point is correct.

With regard to the equipment with which these squadrons are supplied, and the people of our air force squadrons as well, I note this statement in the white paper:

> A. V. Roe (Canada) Limited has completed delivery of the Canuck (CF-100) Mk 3 aircraft and delivery of Mk 4 version has started. The Canuck is powered with the Canadian designed and built Orenda engine and will include a new type of autopilot which will be coupled to the fire control system.

Then, a little further on the white paper states:

> Canadair Limited of Cartierville, near Montreal, is making deliveries of Sabre 5 (F-86) aircraft with the Orenda series 10 engine, according to schedule. The latest model, the Sabre 6, also has an airframe similar to that of the American built F-86E but will be powered with the Orenda series 14 engine. It will be superior in performance to the Sabre 5. Sabre 5 and 6 aircraft will meet R.C.A.F. commitments overseas and will eventually replace the Sabre 2s which are now flown operationally by the R.C.A.F. air division in Europe.

I have no desire, Mr. Chairman, to cast any reflection on the excellent work that has been done by the designers of the Orenda engine or any other designers and engineers concerned with the development of the Orenda engine and the CF-100. My first concern, and my chief concern, is to do anything I can to ensure that the R.C.A.F. is equipped with the best possible equipment. I am especially anxious that it will be equipped with the best possible fighting equipment. In that way, the Canadian taxpayers will get the best value for their defence dollar. After all, money which might be spent for equipment which is obsolescent or even obsolete, or too little or too late, is a complete waste. In this connection we should set ourselves the highest possible standards because nothing but the best is good enough in the position that we find ourselves in so far as the aerial defence of North America and our contribution to NATO defence are concerned.

In that spirit I want to draw to the attention of the committee what I consider to be the nub, the starting point of any fighting equipment for an air force. I refer to engines. In that connection I think my thoughts are very well expressed in an editorial appearing in *Flight* magazine for April, 1954, on page 445. They have this to say:

> Though the statement may seem a truism, engines really are very important—more so, in certain aspects, than the aircraft they drive. A good modern aero engine is an immense national asset; it is the result not only of a multi-million-pound development but the focal point of aircraft development programs costing many millions more. Everything that is done by the aircraft of the future—stratospheric reconnaissance, short-haul transport, supersonic combat or jungle warfare with helicopters—will be vitally dependent upon the provision of engines of the right sort at the right time. All kinds of engines are needed: for fighters, the requirements are thrust, high-altitude performance, low frontal area, reliability, economy and durability, approximately in that order of importance; . . .

Now, this article goes on to make this observation. They have been speaking about the requirements, the vast requirements necessary, such as electronic computing equipment and that sort of thing, in the development of new types of aircraft engines. The development of a modern engine is really a colossal undertaking. This article observes that in the United States great use is made of modern equipment of this sort, and then goes on to say:

> With such tools, there is no reason to doubt that our position as the world's top-ranking designer of aero engines will be maintained. Already our gas turbines are in production, under licence, in Sweden, Switzerland, Italy, France, Belgium, Argentina and the U.S.A.—and, without a licence, in Russia.

I might add that the Avon engine is now in production in Australia.

> Production, too, is going very well, and more than one aircraft factory is probably finding storage of delivered engines almost an embarrassment. (The same sort of situation has, we hear, arisen across the Atlantic.) In fact, our superpriority engines—the Avon, Sapphire, Olympus . . . etc.—are without exception progressing well and showing every indication of forming the backbone of our civil and military power for years to come.

I would be the last, Mr. Chairman, to prejudge any Canadian effort in the field of design or production of aircraft engines. No one will be more delighted than I will be if the minister can inform the committee that Canada has already the lead in that connection, and that the great advances which have been made since the last published figures put Canada in the forefront in this field. But I am not confident that is so. I should

like, however, to refer to a comparison of published information regarding modern aircraft engines.

The Orenda is a good engine. It was well designed but it has taken considerable time to get it into large-scale production. It should be remembered that this is a highly competitive field and that time is of the essence. One must not only design good engines, but one must get them into production quickly or they will be obsolescent. As has already been noted, the main characteristics of interest with regard to aircraft engines are thrust, that is to say the power of the jet engine, frontal area, fuel economy and so on. Those are the things of paramount importance.

I should like to put on the record some figures relating to modern British aircraft engines. The Bristol Olympus, for example, is 40 inches in diameter, has a weight of roughly 3,500 pounds. It has a thrust of 9,750 pounds and has a specific fuel consumption of ·766. I will not take up the time of the committee to quote other figures with regard to the Sapphire and the Avon, because they are roughly in the same bracket. I do not want any comparison to be considered unfair. I believe the comparisons I make are as nearly true as they can be made. I note that the engines I have already named are now powering, without exception, some of the best aircraft in the world, so far as operational aircraft are concerned. Among them are the Vulcan, which is powered with an Olympus. And that engine, by the way, is being manufactured in the United States by Curtiss-Wright, and I believe also by Buick. Others of these aircraft are the Vulcan, the Gloster Javelin, the Victor, the Hawker Hunter, Republic F-84F, Martin Canberra, the de Havilland-110 all-weather fighter, the de Havilland Comet 3, the Canberra, and the Australian version of the Sabre.

When one contrasts those figures with the latest data available on the Orenda engine he finds that, as compared with these British engines with a thrust up to 9,500 pounds, the Orenda has a thrust of 6,500, at least in the earlier marks. The really important thing of course with modern aircraft engine design is the specific fuel consumption. To put it in everyday parlance: How far will you go on a gallon? Because the higher the fuel consumption, the lower will be the radius of action, and the less will be the range of the aircraft in which the power plant is installed.

In the case of the Olympus, the specific fuel consumption in pounds per hour of pounds thrust is ·766; in the case of the Sapphire it is ·85; with the Avon it is ·84; and with the Orenda it is one. That is a colossal difference. Those early marks of Orenda compared very unfavourably with the most up-to-date British designs. The only consolation I find in these figures is a brief reference to the later marks of the Orenda.

Mr. Claxton: Those are the marks now in production.

Mr. MacLean: Yes.

Mr. Claxton: And also the hon. member would agree that the most important question is what engines are being flown today, and what the performance is in the aircraft today.

Mr. MacLean: That is true. I have tried to make my comparisons as fair as possible. For instance, I have taken the Avon engine which is now powering the Australian version of the Sabre. I will admit that some of the most up-to-date aircraft I have mentioned are just coming into production in England. They have super-priority, and they will be the aircraft with which the forces of Great Britain and of other countries will be equipped in the very near future.

The consolation I find in these figures is that, having reference to the later models of the Orenda—I refer to mark 11 and mark 14, with the after-burner—we get a thrust of as high as 8,500 pounds, and I believe the specific fuel consumption is well under one.

I just wish to make the point, though, that there are two considerations to be met. One of these is whether national prestige in the aircraft industry is of first importance, or whether the best possible equipment for our air force, regardless of where it can be obtained, is of first importance.

In that connection I will grant you that, if at all possible, the equipment should be manufactured on this continent. But that is already being done. Some of the most up to date engines are already being manufactured in the United States, under licence and, as I have already said, in France, Australia, and the Argentine and many other countries. Canada is the sole exception to the manufacture of advanced designs of British aircraft engines, under licence. I am just a bit doubtful if the fact that we are that exception can be entirely justified. I would ask the minister to reassure us that we are following the correct course in that regard.

Mr. Claxton: We are producing the goods in the most efficient and formidable fighting aircraft in the world today in quantity production.

Mr. MacLean: I am glad to hear the minister say that. But I am thinking not only of today but of the very near future. Because

we know that modern aircraft become obsolete extremely rapidly in this very competitive age. I imagine this question has been carefully considered. We know that the Minister of Defence Production has already said that if the Minister of National Defence asks him for a gold-plated piano, it is his duty to supply it. I would hope that if this is considered justified—and I am not putting it in the same bracket, at all—consideration might be given to equipping some of the aircraft made in Canada with the most up to date and the best engines in the world, under licence, if they are not already designed in Canada for that purpose.

I have almost reached the conclusion of my remarks, and the time at my disposal has almost expired. But I do note that in the white paper the minister has tabled it is observed that members of Canada's armed forces are serving on the staffs of nine principal NATO headquarters and large agencies, including Supreme Headquarters Allied Powers Europe, commonly known as SHAPE, as well as Headquarters Allied Air Forces Central Europe—and several others.

As already noted, Canada is contributing a very large air element to the NATO defence of Europe. I am just wondering where Canada fits in, from a military point of view, with regard to the tactical use of the air force, if war should come. I am wondering if consideration has already been given to the possibility of, if not command of the air force, a position of deputy commander, and that if for a time such position might be held by a Canadian. I am curious to know if that suggestion has been made and, if it has been, how it has been looked upon by the Canadian government. Because if that suggestion were ever followed it would give Canada an appropriate command of the situation to which it is contributing so heavily in armament. And when I say "heavily", I mean that we are spending a great deal in national defence, especially in connection with the equipping of our air force.

In connection with the Orenda CF-100 project, I think it is fair to say that more money has already been spent on that—and I am not suggesting it was not justified—than it will cost to build the St. Lawrence seaway. Therefore, I think it is only fair that we should examine very carefully all expenditures which are made in this connection. I have some other questions, but I shall ask them when the particular items are up later on. At this point I shall conclude my remarks on the first item.

Mr. Fraser (St. John's East): I have listened with great interest to the eloquent plea of the hon. member for Queens on behalf of the need for a new armoury at Charlottetown. I hope it will be possible at the same time to provide an armoury for St. John's, Newfoundland. Charlottetown has at least an armoury, old though it may be. St. John's, unfortunately, has none. I would therefore strongly urge that the minister give favourable consideration to the establishment of an armoury at St. John's, one that will be worthy of the historic traditions of the Royal Newfoundland Regiment.

Mr. MacLean: Just in case I have been misunderstood I should like to correct one thing in connection with the armouries in Charlottetown. Perhaps I did not make myself clear, but they were not built by the federal government; they were built by the colonial government and given to the dominion government at confederation.

Mr. Green: Mr. Chairman, the minister has been listening to a lot of speeches this afternoon and this evening. I have not got a speech prepared but I do have a couple of questions I should like to ask him. Perhaps he can deal with them this evening. The first has to do with the policy of the R.C.A.F., with regard to commercial work. I got a return, which was dated April 13 of this year, in answer to several questions. The questions which are apropos are as follows:

During 1953, did the Royal Canadian Air Force engage in any flying within Canada except for the Department of National Defence or other government departments?

If so,

(a) For whom;

(b) What types of aircraft were employed, and how many hours on each type;

(c) How many passengers and pounds of cargo were carried in each case?

Was any remuneration received for such flying?

(a) If so, from whom and how much in each case;

(b) What was the rate charged per mile, per hour or per ton mile?

The answers to these questions showed that the air force had been doing commercial flying, and in particular they had flown for the Iron Ore Company of Canada a matter of 181·15 hours and carried 121 passengers and about one million pounds of cargo. The actual figures were 989,432 pounds. They had been paid for this work as follows:

The Iron Ore Company of Canada paid $39,473.52 calculated at the rate of .42 cents per ton mile and $1.56 per ferry air mile.

I understand that there were civilian flying companies in a position to do that work. The minister should explain why the R.C.A.F. was in effect competing with civilian flying companies in work which was obviously of a civilian nature. I am informed that such a policy is directly the opposite of the policy adopted in the United States. I believe that

the United States air force fosters the development of civilian aviation and in fact employs civilian firms to do some of the United States air force flying in the continental United States but not abroad. Overseas the flying for the United States air force is all done by air force planes.

There seems to be a difference of policy in the two countries. The United States believes in taking every step to build up a healthy aviation industry; whereas Canada, in this instance at least, has been interfering with the civil aviation industry. I believe the only way we can hope to maintain and build up a strong civil aviation industry in this country is not to have their potential work taken by the R.C.A.F. Certainly parliament is not voting funds for the R.C.A.F. with the idea that air force planes will be used on civilian work.

I understand also that the air service to the meteorological stations of the government is being done by the R.C.A.F., and presumably that comes under the defence vote. It seems that some argument could be made for that flying being done by the civilian companies. Why would it not be a wise plan to encourage civilian companies by giving them work of this type?

Then, there is the flying in connection with the ice patrols on the Atlantic coast and out of the port of Churchill on the opening of navigation. Apparently this work is done by the R.C.A.F. Why could it not be done by civilian flyers? It does seem to me that here is a way in which civilian aviation in Canada could be fostered, if a proper government policy were adopted. I have one other question on another matter. I wonder whether the minister would deal with these questions of the R.C.A.F. doing what is in essence civilian flying?

Mr. Claxton: Am I to understand that the general discussion is completed and that I can reply to all the questions that have been put? If so, I would be very happy to do so right now and as long as it takes.

Mr. Pearkes: Other hon. members are anxious to speak, and I am afraid we cannot consider the general discussion terminated.

Mr. Claxton: This is a special interpolation by the hon. member.

Mr. Green: Just an interpolation for the minister.

Mr. Claxton: I do not know what the purpose of it is. The information might be more readily and more accurately given, no doubt, when the item for the air force comes up for consideration, but I can speak now from my recollection of what happened many months ago. The Labrador iron ore development had a deadline to meet that was in the interests of the national defence of Canada and of the United States. I was told by the general manager of the concern that they did not have an airlift to meet their deadline. I was told that over the long distance telephone. I asked the R.C.A.F. if they had an airlift. They said that by diverting aircraft from other important air work they could do it, if necessary. I said: "Clear this with the air transport board and make sure that we are not treading on anyone's toes." They did. We carried out the airlift. It was carried out successfully in the national interest. It was not any part of the national policy except to get on with the job of completing the Labrador iron ore development in the time that was necessary. If, in consequence of that, the hon. member for Vancouver-Quadra has any complaints, then I shall be glad to answer them when the item in the estimates comes up for the air force. My recollection, speaking as I say from telephone conversations, is that there were only two of them, one from the general manager of the company, and one to the chief of the air staff. When the request was made the general manager of the company said he had no other airlift available and said he had cleared the other air commitments. I informed the chief of the air staff that he must clear this with the air transport board. He did that, and he provided the airlift. I do not know why anyone should have any reason to complain.

With regard to the supply of weather stations, there you go into a very complicated field in which you have to have the men, the special types of equipment, the gasoline and the aircraft capable of doing long range flights. Generally speaking, with the long range operation we find it has been a good thing to employ R.C.A.F. aircraft.

But finally, in answer to the hon. member, may I say that it is just as important that the R.C.A.F. should have and be maintained in the capacity to deliver long lift air transport operations as much as it is to maintain civilian transport companies. Our idea is that we work together. We do not compete, and where a civilian operates and the job can be done by a civilian we never enter into it except in circumstances of extreme urgency such as I have described.

Mr. Green: The minister did not deal with the difference in policy between Canada and the United States.

Mr. Claxton: There is no difference.

Mr. Green: Does the minister say that the United States air force is not now engaging civilian firms to do some work for the air force in the United States?

Mr. Claxton: There is no difference at all. If the United States air force is the only air force to provide an airlift on an essential operation in the national interest they carry out that operation, but if there is a civilian source to do a civilian job then they leave it to the civilians, just as we do. We employed civilians on the airlift to Korea and in fact the C.P.A. has done a magnificent job supported by us. We employ civilians all over the place when they are the best agency to do the job, in the same fashion as the Americans.

Mr. Green: What about the ice patrol, and the patrol out of Churchill?

Mr. Claxton: I would have to look up the record about that. I have not heard anything about it except for some details a few months ago, and I would have to look into the facts. But I would think that was probably an operation which could best be conducted ordinarily by service aircraft because they would have to do a patrol in any event for surveillance purposes.

Mr. Green: But I suggest to the minister that in the case of the Iron Ore Company of Canada it is going pretty far to act on the basis of a call from the general manager of that company.

Mr. Claxton: No, no! We cleared it with the air transport board which has control over civil aviation and they assured us that it was the right thing to do and we did not undertake—

Mr. Green: I understand that at least one member of the air transport board protested against that and considered it an unwise policy—

Mr. Claxton: Then you must talk to him.

Mr. Green: Whether the air transport board approved that or not is not very important. The question is—

Mr. Claxton: What was important was to get the job done.

Mr. Green: But it is not the minister's business to use the R.C.A.F. to get civilian work done, and why the Iron Ore Company of Canada should be in such a great hurry to meet a deadline when they are a civilian firm opening up their own iron mine I simply cannot understand. I do not see why the manager of that firm or any other firm should be able to pick up the phone, call the minister, and ask him to turn over R.C.A.F. planes to carry freight for them. I suggest, Mr. Chairman—

Mr. Claxton: Mr. Chairman—

Mr. Green: I have the floor.

Mr. Claxton: —the manager of the company—

Mr. Green: Mr. Chairman, I have the floor.

The Deputy Chairman: I would suggest that you both cannot have the floor at the same time. If the minister is not rising on a point of order I think the hon. member for Vancouver-Quadra should be allowed to complete his statement.

Mr. Claxton: I thought he had finished.

Mr. Green: Well I was still on my feet talking and I do not see how the minister came to the conclusion I was finished.

Mr. Knowles: At this time of night you can come to any conclusion.

Mr. Green: I do not finish quite that easy. I do suggest, Mr. Chairman, that the minister's answer shows that the government was wrong in this case. Why should an official of the Iron Ore Company of Canada be able to ring the minister and say, "Here, Mister, send me R.C.A.F. transports. I want to get some cement"—or whatever it was—"carried from Sept Iles into the district where we are developing a mine, and I want to get it done in a hurry. I have a civilian deadline to meet." The minister acts on that and turns a North Star over and now comes in here and tries to justify that on the ground that it was for the defence of Canada. I suggest that this is really going beyond all reason, and it is all rather far-fetched.

I merely bring this up to point out to the minister the need for being a good deal more careful in the use of the R.C.A.F. for civilian purposes. I know he is very proud of the R.C.A.F., and quite properly so. We are all proud of it and we have very good reason to be not only for what it did in the second world war, but also during the post-war period, and of course the exploits of our airmen during the first world war. But the time has surely come in Canada with the development of the north country, and the attempt to push our borders in that direction, to do everything possible to foster civilian flying. After all, that has been the basis of the R.C.A.F., and Canada has been the leader in the development of northern flying. Here is a case where a company should have been told to look after its own business, hire planes on its own, and not come running to the Minister of National Defence in order to obtain R.C.A.F. planes to do work so obviously of a civilian nature.

Mr. Knowles: Eleven o'clock.

Mr. Claxton: Mr. Chairman, if the hon. member has finished, then I might comment on the fact that he has expressed surprise

that the general manager of the Iron Ore Company of Canada called me up. Almost everyone calls me up about one thing or another, and often about airlifts.

Mr. Knowles: Some people call you down.

Mr. Claxton: Yes, that is quite true, but on this occasion there was nothing wrong about his calling me up, or in my answering the phone. There was nothing wrong about my asking the chief of air staff if he could deliver an airlift, and if that would be the proper thing to do under the rules of the air transport board. That was done and it was in the national interest. They were paid at commercial rates and the national treasury did not lose a nickel. As far as I knew there was no aircraft of similar capacity available to carry out this work. I was assured on that point and if that assurance was wrong then it is not my fault.

The Deputy Chairman: It being ten o'clock standard time shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, I move the adjournment of the house. Tomorrow we shall continue with the program I outlined last night.

Motion agreed to and the house adjourned at eleven o'clock.

HOUSE OF COMMONS

Friday, May 21, 1954

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Sixth report of standing committee on miscellaneous private bills.—Mr. McWilliam.

SUPPLEMENTARY ESTIMATES, 1954-55

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1955, was presented by Hon. Stuart S. Garson (Acting Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

NATIONAL PARKS

BANFF—REPORTED DESTRUCTION OF FISH BELOW POWER PLANT

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources of which I have sent him notice. As a result of having received many different complaints and many copies of an article published May 14 in the *Crag and Canyon,* one of which I have sent to the minister, respecting the wholesale destruction of fish in the channel below the Calgary power turbine plant at Anthracite, located in the Banff national park, would the minister assure the house that he will take such action as is necessary to correct this evil?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, I wish to thank the hon. member for having sent me notice of his question. The situation to which he has referred has already been drawn to the attention of the officers of the department here in Ottawa, who have requested a report from the field. I can assure the hon. member that as soon as that report has been received we shall take whatever remedial action is practical so that this situation will be corrected.

POLIOMYELITIS

ASSISTANCE TO WINNIPEG PREVENTION ORGANIZATION—USE OF NEW VACCINE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Has the minister received any letters or communications requesting financial assistance for the newly-formed association for the prevention of polio in greater Winnipeg? If so, will he tell us whether the government is prepared to assist in this research?

Hon. Paul Martin (Minister of National Health and Welfare): I have received a letter in general terms from the organization to which my hon. friend refers but, as he knows, projects for assistance under the research grant of the national health plan have to be submitted first by the provinces, and an application from the province has not yet come in.

Mr. McCullough (Moose Mountain): I should like to ask the minister a further question in respect to the new vaccine being tried out in the United States. Can the minister inform the house whether or not the government feels that this vaccine may be sufficiently proved in the United States to be of use, and that we might have the use of it in Canada this year?

Mr. Martin: As I had previously indicated, my hon. friend has been informed of the government's interest in this matter, and just as quickly as it is possible, in the light of all circumstances, to take advantage of whatever may be thought to be useful in the matter, this will be done.

May I just add to what I said, because my hon. friend has asked a question that is of great importance, particularly at this season of the year, throughout Canada and particularly western Canada. The vaccine in question has been tried on many thousands of children in the United States. It is a vaccine that has been prepared in the Connaught laboratory at Toronto and arises out of an earlier research project by Dr. Rhodes

with assistance given to him under the research grant of the national health program. I indicated in what I said to the house earlier that it was not the intention of the Canadian government, in co-operation with the departments of health of the provinces, to engage in large tests such as were projected in the United States. This was a decision made primarily by the ten provinces. However, the head of the polio foundation in the United States, Mr. O'Connor, has recently notified us that there could be made available a limited amount of this vaccine for experimental purposes in Canada. This offer came to us during the past few days and as a result we communicated with the ten provincial departments of health. It may be that one province will take advantage of this, but the other provinces, in their best judgment, have at this time—and no conclusion should be drawn from their refusal—decided not to take advantage for the time being of the vaccine for this experimental purpose.

Mr. McCullough (Moose Mountain): Mr. Speaker, arising out of the answer given to my question in regard to polio by the Minister of National Health and Welfare, when the minister stated that one of the provinces indicated that they would take advantage of this—at least that is what I understood—can the minister say which province that is?

Mr. Martin: What I think I said was that one of the provinces was giving consideration as to whether it would take advantage of the offer, but I do not think I should state at this time which province that is.

PARLIAMENT HILL

DIPLOMATIC CORPS CARS PARKING IN RESERVED AREAS

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Yesterday, the hon. member for Eglinton (Mr. Fleming) asked if it had been brought to the attention of the Acting Minister of Public Works that a number of cars bearing diplomatic corps licences have been occupying space in the parliament grounds reserved for tourists and others.

The simple answer to the question is no, but perhaps it would help if I were to enlarge. It is possible that diplomats' cars park in the tourist area, but I am at a loss to know how this practice might be curtailed except through the co-operation extended by the diplomats themselves, in recognizing the need for tourists to be accommodated. There is no special area on the hill, however, reserved for diplomatic cars, and members will understand that visits by diplomats to the east block are fairly numerous. Some attention is being given to developing a small reserved area, immediately adjacent to the east block, for such use.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the parliamentary assistant to the Minister of Public Works if he is not aware that the parking to which I referred is all-day parking by members of the diplomatic corps who are not engaged on business in the east block, and that this matter was some time ago the subject of representations by the Department of External Affairs to the diplomatic corps in Ottawa in precisely the same circumstances?

Mr. Bourget: That was the only information I could get this morning from the officials of the department and, as my hon. friend knows, the parking problem is one which exists everywhere. We are trying to do the best we can with the limited area at our disposal and I can assure my hon. friend we are looking into the situation to see if means can be found to improve it, and if it is possible we shall do so.

LABOUR CONDITIONS

UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I would like to ask the Minister of Labour if he can now give an answer to the question asked yesterday by the hon. member for St. Paul's (Mr. Michener) with reference to the responsibility for the maintenance of unemployed persons?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I think the question asked yesterday by the hon. member for St. Paul's is a matter which affects government policy and which could not be dealt with during the short question and answer period in the house. As I mentioned yesterday in response to another question, I shall be glad to discuss the matter when my estimates come before the house during the next few days.

WAR VETERANS ALLOWANCES

REPRESENTATIONS FROM NEW WESTMINSTER BRANCH, CANADIAN LEGION

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I would like to direct a question to the Prime Minister, and I am sorry I did not have an opportunity of giving advance notice of this question. Has the Prime Minister received a telegram from W. Cross,

zone commander of the New Westminster and district zone of the Canadian Legion, with respect to the war veterans allowance? If so, would the Prime Minister care to comment on the matter?

Mr. Speaker: Order. Before this question is given consideration by the Prime Minister I would like to submit to hon. members that it is not making full use of this question period in the house to stand up and ask if a cabinet minister has received a telegram, communication or representation about a certain problem. I think the hon. member's question could more properly be asked at the committee of veterans affairs or on the estimates of the Minister of Veterans Affairs (Mr. Lapointe) when that matter will be before the house. I do not think we should use up the question period for the purpose of dealing with such matters. The hon. member probably knows that whoever sent the telegram has advised him that it has been sent to the Prime Minister or someone else. What is the purpose of checking in this house as to whether or not that telegram has been received?

Some hon. Members: Hear, hear.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

239. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $300,000,000 of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $4,577,641,724 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $2,711,822,159 will come due for payment in future years), $1,865,819,565.

The Deputy Chairman: We were considering item 239. It is my understanding that we are still at the general discussion stage of this resolution after which it is proposed to discuss the item under the main headings appearing in the further details. Shall the item carry?

Mr. Harkness: Mr. Chairman, the purpose of our defence effort is to train, equip and in every way prepare our defence forces to meet the operational role which it is thought they may have to perform in order to carry out our defence policy and objectives. Consequently, like the hon. member for Winnipeg South Centre who spoke yesterday, I was somewhat disappointed that the minister in his speech did not place more emphasis on the training and operational phases of defence, and seemed to be more preoccupied, shall I say, with the supply, construction, and general Q and A matters concerning defence.

Canada's defence effort from the point of view of the role which our forces are to perform or may be called upon to perform has many phases or facets which connect with and run into each other. In this regard our defence effort should be compared perhaps with a cut stone with its numerous facets each of which is separate but each of which is connected with several others. Now, just as a stone has these numerous facets, so has our defence effort; and I should like to examine the operational roles or facets of our defence effort from two points of view.

The first concerns whether, considering our resources, there are too many phases with the result that they cannot all be carried out effectively. In other words, are we scattering our shot too much and as a result failing to place the emphasis in the proper places? Secondly, how effective are our forces in each of the roles they are required or may be required to carry out?

Now, the phases of our defence preparations stem, of course, from the objectives of our defence policy which have been set out for the past few years in the annual white papers. With these objectives I think practically all of us in this chamber agree. The first of these objectives is the immediate defence of Canada from direct attack, and this, of course, is the primary and most important purpose of our defence, as it is in all other countries.

The defence of Canada from direct attack must also involve the continental defence of North America. I think also we all agree that the only probable method of attack, as was stated in the white paper on defence, is by air. Now, taking that as a premise, the first phase of our defence in the role of countering an attack on Canada by air is the provision and operation of a radar screen or series of screens supplemented by a ground observer corps.

Yesterday the minister spoke of the radar screen which is in existence. He stated that

the radar and interceptor scheme of the United States and Canada was now over 90 per cent completed and would be in complete operation by late summer or early autumn. Then he went on to say that kills in practice had been 90 per cent. He went on to say that gaps existed and that more early warning was required, that the McGill fence was going to be gone ahead with, and that the provision of all these things is extremely expensive.

However, I notice that this morning's *Gazette* has as its chief headline in connection with the minister's remarks one to the effect that our radar screen is 90 per cent completed and that the interception is 9 out of 10. I am afraid that this headline gives an extremely misleading idea to the House of Commons and to the Canadian people as a whole. It was pointed out yesterday by the hon. member for Esquimalt-Saanich that an American, the chairman of the joint committee on atomic energy, had pointed out that the early warning system, which was essential to the defence of both Canada and the United States, was not in existence. As a matter of fact, all that we have in the way of a radar screen, essentially, is a point system which protects us for only a short distance out. In view of the fact that enemy jet bombers would be on the targets probably within 20 minutes or a little bit more from the time they might be detected by many of the units of this radar screen, what we have gives little real protection.

There is no question that what we need is an early warning system far to the north. As was indicated in this article quoted yesterday by hon. member for Esquimalt-Saanich, there have been many press releases in regard to this matter, in which a great deal of information along that line has been put out, most of which—particularly that with regard to the statement made by the minister yesterday—are bound to give the public the idea that all is well from this point of view, that we are completely protected and that we have little to worry about. The average man in the street, if he reads that 9 out of 10 enemy bombers in these practice raids are being knocked out, thinks the thing must be exceptionally good and that he is quite safe. As a matter of actual fact, during the last great war in a small country like England, with a close-knit system of radar and large numbers of interceptors, the destruction of enemy bombers was approximately 1 in 10. Since that time, of course, radar has improved and jet interceptors have come into operation, and the performance is going to be considerably better. However, informed American sources whom I have seen quoted have estimated that the probable kill will be 1 in 4. The last thing I noticed in an American paper was a dispatch from Washington written by Lloyd Norman in which he says this:

> Air force officials conceded that at best the air defence screen—

And this is in the United States where it is more highly developed than it is here.

> —could stop no more than 3 out of every 10 Russian bombers.

I think the Minister of National Defence does no service to the Canadian people by giving them a false sense of security with regard to the radar screen which exists or rather with regard to the one which does not exist. It is much better to give the actual situation in connection with the matter. I am quite sure that the Russians are not deceived in that regard. I am quite certain that they do not believe for a minute that only 1 bomber out of 10 is going to get through to the targets.

The next phase in this role of protecting Canada against air attack is the provision of interceptor planes. The minister did not say much about that matter, but we know that the number of interceptor planes in Canada is extremely small. The interceptor plane for use here is the CF-100. We know that the production of CF-100's so far has not been great. We know that the number of squadrons formed has been extremely small. I do not know what that number is, but I feel fairly certain that it is not more than three. That means, of course, that we have not the interceptor planes here in Canada with which to make effective use of the radar screen which does exist or the radar screen which we will have when the McGill fence and the other early warning system comes into effect. In other words, from the point of view of interceptors, at the present time we are not entirely helpless but we are very close to it, especially in large parts of this country.

The interception role in the future, according to what we have been told, is going to be carried on to quite a considerable extent by reserve force interceptor squadrons of CF-100's. So far these reserve squadrons have not CF-100's. If they had them, they would not have trained personnel who could man them and fight them effectively. One of the difficulties with regard to that matter particularly is the provision of navigators. In talking with some of the members of these reserve force interceptor squadrons which are to be equipped with CF-100's, I was told that they think they can train the pilots and keep them up to scratch but that it will be a more

or less impossible task for them to train the navigators and to keep them up to operational efficiency. In other words, it is the sort of thing which cannot be done by a man who spends his day working at some other occupation and does a certain amount of practice in the evenings, over week ends and so on.

It would seem fairly certain to me that if we are to have an effective interceptor force with which to make use of the radar screen, we must have in Canada considerably more regular force interceptor squadrons, whether they are CF-100 squadrons or those equipped with other planes. So far as this role is to be carried out by reserve force squadrons, they must be equipped to a greater extent than is apparently envisaged at the present time with permanent force personnel, particularly in the form of navigators.

A third phase of the defence of Canada is anti-aircraft defence to protect likely targets; that is, of course, in addition to the work of the interceptor planes. I have mentioned this matter for the last two or three years. As a matter of fact, on two or three occasions the minister has spoken of our anti-aircraft defence and I have pointed out—and I should like to do so again—that we have practically no ack-ack defence at the present time and have not had any, practically speaking, since the war. We have very few regular force personnel in active ack-ack batteries. While ack-ack defence is supposed to be carried on by reserve army anti-aircraft regiments, these reserve force ack-ack regiments have not the guns with which to do the job nor have they the personnel with which to do the job. If they had a full complement of guns they would not in most cases, in fact I think in all, even be able to look after them and man them. Apparently this situation continues to drift along from year to year. We have no "ack-ack" defence, and so far as I have been able to determine there is no improvement in the situation as time goes on. It seems to me that something definite should be done about the matter. The United States has now developed ground to air guided missiles, which are going to be the ack-ack weapons of the future, and I would hope that we might at least begin to train some people in their use and to get some of them into operation at a fairly early date.

When the minister is replying later to the various speeches that have been made, I should like him to say something about ack-ack defence and indicate what progress we have made, if any, with respect to ground to air guided missiles or even the ordinary type of rockets which can be used for that purpose. It seems to me that is one phase of the defence of Canadian cities and targets generally on which really nothing at all has been done so far as one can see.

The fourth phase in the protection of Canada is the provision of airborne army troops and, of course, the planes to carry them so that these troops can land at any place in the northern part of Canada where enemy landings happen to be made for the purpose of establishing an air base or something of that sort, and thus be able to wipe out an enemy effort of that kind. Considerable progress has been made in this regard. We now have three parachute battalions each with quite a large number of trained parachute troops. From what I have seen of them they are extremely good, well trained and effective battalions. However, in the event of an enemy landing anywhere in the north for the purpose of seizing a northern airfield or of establishing one, we have not got sufficient planes to transport these troops. The troops are not of a great deal of use in that particular role unless we have the planes to transport them to their targets.

In addition, they are not concentrated so that they can be operated as a brigade. I should mention of course that there are also airborne artillery forces and engineers who, I think, are also quite good, but they are scattered right across the country and it would be extremely difficult to concentrate them on a place that had been attacked. With the number of planes we have it would be a slow operation and possibly not effective. I think it was demonstrated during the last war that it is no use to move in a few plane loads of paratroopers piecemeal. By the time more plane loads arrive to reinforce them the first lot has been wiped out. It has to be done on a mass basis.

The fifth phase of the protection of Canada is the protection of coastal waters, harbour entrances and so on. I think probably this phase is more in hand than any other. We have a considerable number of naval vessels in commission that are available for this purpose, and they are probably reasonably adequate for it.

The sixth phase is the mobilization of our reserve forces for local defence and also to reinforce the regular army in the event that an enemy airborne landing is successful any place, and to guard against sabotage and so on. I am going to deal with the reserve forces later so I will not say any more at this point except to say that I do not think the reserve forces are up to this job. The reserve forces are too weak to carry out this role effectively.

Another extremely important phase of the defence of Canada is civil defence. It is

not under the minister's department. He mentioned it briefly yesterday. I do not propose to go into the matter in detail at this time, but I see that the minister in charge of civil defence is present and I should like to say that certainly civil defence in Canada at the present time is not in any state to meet any form of attack on the country. It is perhaps the weakest link of all so far as the protection of Canada against an enemy airborne attack is concerned.

To summarize my views on the primary role of our defence forces, the direct defence of Canada, we have not got the minimum defences necessary to meet this first requirement. I think the phases of our defence effort that I have mentioned are all weak except the naval. It seems quite apparent to me that we should have put primary emphasis on these phases of our defence effort and that we have failed to do so. In other words, from both points of view that I said at the beginning I was going to discuss this matter, it is an example of failure to place emphasis at the right place and failure to succeed in the various phases or roles which I have indicated.

I have one general complaint with respect to the information given in the white paper, by the minister in his speech on these estimates and in various other speeches he has made on this matter. The public has been lulled into a false sense of security as the result of reassuring statements of every kind which do not represent the true facts of the case. I do not say that any of these statements in themselves are incorrect, but when you relate them to the general picture they give a totally false impression of what our defences are so far as the protection of Canada is concerned.

This form of misrepresentation has been going on for several years. Before the Korean conflict broke out the minister would assure the house in the defence debates that our defences were absolutely up to date—

Mr. Claxton: When?

Mr. Harkness: —and were quite adequate to meet—

Mr. Claxton: When?

Mr. Harkness: —any possible threat. When we were discussing the defence estimates in 1949, the year before the Korean war broke out, the minister assured us that the airborne brigade would be able to deal with any possible landing that an enemy might make in the north country. It subsequently developed—and I think a number of us knew it—that we had one battalion partially up to strength and partly trained as parachute troops, but we did not even have the planes to transport them. Nevertheless the minister assured the house at that time that everything was fine and that we had no need to worry about any enemy landing in the north. The same sort of statements have been typical since, as was the case yesterday.

If there was any real purpose in making such statements at that time, perhaps because we were so weak, it seems to me that the time for that sort of thing has come to an end. We have improved a great deal since then. Our strength has indeed greatly increased since that period, and it would seem only reasonable to me that the house and the people of Canada should be given a true picture of the state of our defences. If they are inadequate in a particular phase or in any special way, I do not think that the minister should attempt to conceal it.

And now, the second objective of our defence policy is the implementation of the undertakings that we have made as a nation, under the United Nations and NATO, for the mutual defence of the western world. The first phase of that was our participation in the Korean war. The brigade we sent there did a magnificent job. I believe all of Canada was proud of the record that they established in Korea. Similarly, the navy did its part effectively. The air force played a part so far as the airlift was concerned, and a certain number of pilots also took part in operations with the United States air force. I feel our commitment in Korea, so far as the United Nations was concerned, was magnificently made. We were perhaps a bit slow in meeting it because of our poor state of preparation. We were able to send only one battalion at the start, but that was built up to a brigade and those who served there served well and enhanced the name of Canada in doing so.

Another phase of this implementation of our foreign commitments concerns the air division that is now in Europe and the army brigade that is in Europe. Now, that is a considerable commitment. As the minister told us yesterday the maintenance of this air division in Europe is extremely expensive, involving some $600 million. However, from an operational point of view it appears that it is an effective part of the force there, and contributes materially to the air defence of western Europe. Our army brigade is also well regarded. I shall return to these matters a little later.

Another aspect of our implementation of foreign commitments is the provision of mutual aid of various kinds, the sending of

arms to our allies and the training of NATO aircrew, things of that sort. All these things are excellent in their way, but it seems to me, from what I know of the armament of the forces in Canada, that possibly a mistake has been made by sending arms to our allies when our own forces are none too well equipped in many ways. This applies particularly to the reserve forces. It seems to me it would have been wiser, perhaps, to keep some of these arms at home until our own forces were adequately and properly equipped.

Now, to summarize, so far as the second objective of our defence is concerned, I feel our commitments have been met, and quite well met. So far as the personnel involved are concerned, I believe they are to be complimented for the manner in which they have carried out those duties. One big question arises and that is as to whether too large a proportion of the defence effort, relatively speaking, has been directed to this objective and therefore too little to the primary objective of the defence of Canada or to the third objective, the general build-up.

Yesterday two or three speakers questioned whether this division of twelve squadrons of fighter planes should be kept in Europe or whether a portion should be returned to Canada for the defence of this country, the primary role of our whole defence forces. I would question that very much, too. It seems to me that, with the speed at which these planes can be taken over to Europe, so long as the airstrips and installations to maintain the planes exist there, there is no real necessity for keeping those twelve squadrons in Europe. A good proportion of them might quite easily be kept in Canada, where they could operate in a dual role. They would be available here for immediate defence in an interceptor role of possible Canadian targets. Then, if they were needed in Europe, they could be flown over there in a matter of hours. Of course this suggestion is based on the assumption that the airfields, supply lines and so forth in Europe were kept in existence for these planes. The keeping of this full number of planes in Europe does not seem to me to be essential to carrying out our commitment to take part in the defence of western Europe.

Several speakers questioned whether the infantry brigade in Europe should not be an armoured brigade. I agree with that; I believe it should be an armoured brigade rather than an infantry brigade. It seems to me that the criticism made by the hon. member for Winnipeg South Centre concerning the proportion of armour as compared to infantry in the Canadian army was extremely sound, and that the lack of plans in that regard should be rectified.

The third objective of our defence policy is to build up strength for total war. All of the phases of our defence effort that I have mentioned previously, of course, enter into this and are part of it. But there are some which are perhaps more directly and entirely related to the build-up, as you might call it. One of these is the build-up of staffs and service units of all kinds. I believe that one of the mistakes that have been made is the multiplication of staffs. There has been far too great a multiplication of staffs and too much manpower has been devoted to staffs of all sorts. As I have mentioned here several times before in previous years, you have only to look at the telephone directory to see the various staffs at national headquarters, and you gain some idea of the tremendous number of people who are carrying on activities there, in some cases activities not very much greater than was the case before the second great war, but with a staff ten or twenty times as great as existed at that time. This is one of the places where I think the emphasis has been misdirected. At the same time the civilian staffs have greatly increased this year. They have been increasing year after year, and it seems to me far too much manpower is used in pushing paper back and forth. The paper war should be cut down to a minimum, but the multiplication of these staffs really increases it. The amount of office supplies purchased is an indication of the enormous amount of paper work, and I am quite sure much of it is not really necessary, in fact it cannot help but clog the defence effort.

Another phase is construction activities, the provision of barracks, married quarters, storage space, the building of airfields and things of that sort. Once again I believe there has been too much emphasis on this subject. It is a good thing to have good barracks, to have ample storage space, to have fine married quarters and so on, and I am saying nothing against it. It seems to me, however, that the emphasis has been misplaced and there are other things that are more important, such as the provision of tanks for our armoured corps, the provision of the most modern arms of all sorts, which have not been provided, although there has been this large expenditure on construction activities. These construction activities, the minister indicated, are tapering off. It seems to me that is one place where a considerable saving in defence expenditures should be possible. The amount of building for married quarters still to be completed under the plan

is not so great. The major portion of that program is over. The major portion of the barracks building program is over, and the same applies to the building of airfields. So that I would hope much less would be expended under the construction program in the years ahead, and the money so saved directed into other channels, if the general expenditures are not, indeed, reduced as a result.

Another phase is the build-up of mobilization stores. A great deal of the criticism of the Department of National Defence last year was in regard to the enormous amount of soft goods, as they are called, which were purchased. I think without question there are many examples of waste and extravagance in the amount of soft goods purchased, including such things as raincoats, boots and the like.

The minister said in his speech—or it might have been mentioned in the white paper, I am not sure which—that the build-up of mobilization stores of soft goods is almost complete. Well, I would think it would be complete, in view of the very large quantities purchased in the last two years or so. He has said that weapons, ammunition and equipment for mobilization have been built up. I notice that the amounts for these for the army, the navy and the air force are down this year in many cases from what they were last year. I would hope this does not mean that some of the essential armaments of modern warfare, which our forces should have if they are going to be able to discharge their function effectively, are not being purchased or secured. I would refer particularly to some of the later types of guns, both ack-ack and anti-tank, to tanks and things of that nature.

Perhaps the most important phase of the general build-up of strength is in the reserve forces. They continue to be, as they have been in the past, the framework upon which the mobilization of Canadian manpower, particularly in the Canadian army, must depend. It seems to me that the army reserve force, in particular, has been one of the outstanding failures of the defence department in recent years. We have heard complaints from reserve force officers and personnel, and there has been considerable discussion in the house in the last several years as to the poor state of the reserve forces. The government was sufficiently impressed with what was said to appoint a committee, known as the Kennedy committee, which spent a good part of last year investigating the situation in respect of the reserve army. That committee presented a report, and I am disappointed to find that the minister has not made that report public, so that we can find out what, in the opinion of experts, are the difficulties in connection with the reserve forces, and the recommendations as to how those forces could be improved.

In his speech the minister said he would deal with the reserves at a later time, when we reach the item in the estimates. I hope when he does so he will place on record the results of the Kennedy report, and the recommendations made.

The figures given as to the numbers in the reserve force, so far as the army is concerned, are practically the same this year as they were last. The figures shown at page 84 of the report indicate that there were approximately fifty fewer registered in the reserve army in 1952-53 than there were in 1951-52. The figures also indicate that there has been a small increase in the navy, and a larger one in the air force where there has been an increase from 4,800 to 5,800.

I cannot speak with authority so far as the navy and air force reserves are concerned, but I would say that, with respect to the army reserves, these figures do not mean very much, and one cannot draw any conclusions from them. I do know that the units with which I am familiar—and I believe the same applies right across Canada—are fairly well up to strength in the matter of officers. As the minister indicated, there has been a big officer training scheme and the reserve units have no difficulties so far as the supply of officers is concerned. But they are woefully weak from the standpoint of the rank and file enlistments. As a result of that, they are not able to carry on their training effectively and could not undertake any operational role. In addition to that, they have suffered from lack of equipment.

In many cases the equipment they have had has been old and out of date. This has been discouraging to those who have been recruited, and it has prevented their remaining with the units. I have here a letter from a former non-commissioned officer of the Calgary Highlanders in which he makes a few comments concerning the reserve army which in my view indicate clearly the views of a large number in the rank and file of reserve units. It sets out the reasons why in many cases they do not continue. I should like to read a few excerpts from it.

He says:

> The argument that there are not enough men serving with keenness is just a condemnation of the policies that have governed the reserve till now. Build up morale and the reserve will build up.

We have been trying to impress that upon the minister and the government ever since the close of the last war. Unless the young men of this country feel that there is a real

need for their services in reserve units, and that they are doing a real job in those units, we will not get recruits. There has never been any real effort to impress that fact upon the consciousness of the young men of this country. The letter goes on to say this:

> Men join the reserve to work; take them at their word; I never heard a man complain about too much work at any time during my service. Idle periods spoil morale.

One of the reasons there are idle periods in the reserve forces is that there are not enough men to carry on training in many of the phases which should be carried on. As a result of this, much time is wasted. The letter continues:

> They have obsolescent equipment; nothing is more discouraging than to instruct or be instructed on equipment that we all know perfectly well we shall never use in earnest; just wasted time.

This comes back to the amount of equipment we have sent overseas to our allies. While I do not complain about that policy, as I said previously I think we should equip our own forces, including our reserve forces, with up to date equipment before we send equipment overseas. Certainly we should not have the situation we have had, where equipment was sent overseas and units in Canada have been left without it. This has been true particularly in the case of a large number of anti-tank regiments and batteries throughout the country.

Then the letter continues:

> Pay should be free of income tax. Often his reserve pay puts him into a higher tax bracket so he loses quite a proportion of his pay.

That is a matter we have discussed repeatedly. It was mentioned last night by the hon. member for Oxford, when he was referring to the naval reserve force. I do not think there is any question about it; it is one of the causes of discontent which has an effect out of all proportion to the amount of money involved. A large number of people serving in the reserve feel extremely keenly on this point. They do not think they should be taxed on the amount of money they get for the reserve force training. In many instances, the real advantage to them, the amount of take-home pay they get after taking part in various social activities in connection with their service, is very small. As I say, the amount of revenue which the government receives from it is small, and is out of all proportion to the discontent it causes. I would once more urge the government to give consideration to the matter of making reserve force pay exempt for income tax purposes up to a reasonable amount at any rate. The man in the reserve force who is on call-outs, or otherwise puts in a good portion of the year, say a quarter or a half of the year, as some have done, makes quite an income. Then the argument in connection with collecting income tax on it is a different matter altogether; but the ordinary man in the reserve who draws 15 or 25 days' pay a year should be exempt.

The minister's general appreciation of the probabilities in the future—that there is no real change in the fundamental Soviet objectives; that the fear of mass destruction in the A and H-bombs is a powerful deterrent to general war; that the massive destructiveness of those bombs may be the opposite to a deterrent in small wars; and that the existence of those bombs does not remove the need for conventional arms—is an appreciation with which I think most of us will agree. However, once that is accepted, it seems to me that the general strategical thinking perhaps has not been geared to that. It is quite evident that we must be prepared to meet an A and H-bomb attack, and to meet that the chief features are the defence of Canada itself that I mentioned earlier. To meet our commitments under the United Nations and NATO we must be prepared apparently to participate in small wars with conventional weapons.

It seems to me that the general thinking in preparations which have been made by the Department of National Defence has given too little attention to the first of those roles which our defence forces have to take on, and too much to the second, namely, participation with conventional weapons in small wars. As a matter of fact, it would seem from the way in which expansion has taken place in the army that the thinking is almost pre-world-war II rather than up to date.

The minister stated that we now have fifteen battalions of infantry. We have of course still only two regiments of armour.

The Deputy Chairman: Order. I am afraid that I must draw the hon. member's attention to the fact that he has been speaking for forty-five minutes. Of course, with the unanimous consent of the committee, he may continue; otherwise I must see someone else.

Mr. Harkness: I can finish in two or three minutes. Before Korea we had three battalions of infantry and two regiments of armour. In other words, the armour was in proportion of two to three of infantry. Now it is down to approximately one-eighth, two of armour as against fifteen battalions of infantry. In other words, the emphasis has all been along that line. It is completely out of balance.

The hon. member for Winnipeg South Centre went into this in some detail yesterday, and since my time is up I will not say anything about it other than it seems to me the time is long past due when that lack of balance should be corrected. The emphasis is on infantry to the practical exclusion of armour, which the minister says is not taking place, but it is quite evident it has taken place from those amounts that we have in a force which must be capable of expansion. In case of general mobilization, or even for a small war where you are not in jungle conditions or something of that sort, we have not a force which is likely to be effective or adapted to that. We should certainly increase the amount of our armour as compared with the amount of infantry.

Mr. Herridge: Mr. Chairman, I rise to make a few remarks on these estimates. They are the most difficult estimates that come before the house for an ordinary member to deal with, in my opinion. In my opening remarks I must say that I wholeheartedly support the remarks made yesterday by the hon. member for Rosetown-Biggar.

We in this group support all necessary expenditures to provide adequate defence for this country, but we are very much opposed to unnecessary expenditure in any respect whatever. We were told some three years ago that we would have a defence program for a three-year period, with an expenditure of about $5 billion. I am quite sure that at that time we got the impression that once we had the three-year program pretty well completed and the $5 billion expended we would then be over the hump and the people of Canada could look forward to some reduction in taxation as a result of the lessening of defence expenditures. The minister informed us yesterday that we have to be prepared for what I think he termed "a long haul" at about the present rate of expenditure. We in this group are not convinced that the present rate of expenditure is required to provide adequate defence for this country. We take that view for several reasons. First, I think we are on sound ground, because history proves that no general staff ever asked for a reduction of any defence estimates. It is only natural that those who are engaged in those activities are anxious to maintain their prestige, their positions and things of that sort. It is further proven by the remarks of the hon. member for Esquimalt-Saanich, as reported at page 2810 of *Hansard* of 1951, when he said:

> I have never known an admiral, a general or an air marshal who did not begin by asking for more than his share of anything.
>
> [Mr. Harkness.]

The hon. member for Esquimalt-Saanich is a man with long military experience, and a very responsible member of this house. I am very much influenced by his remarks, as are other members of this group. When he talks of economy in defence I think they prove the general attitude of general staffs and military people throughout all history. Again yesterday, the hon. member for Esquimalt-Saanich in his speech, in which he dealt with a number of things very well indeed, suggested the possibility of the saving of $200 million. On top of that we find that even in the United States with a Republican government, the Truman military budget was reduced by 15 per cent. We feel that if in the United States under a Republican administration the budget for defence can be reduced 15 per cent, in a country where their military expenditures are on a very large scale, then there should be ample opportunity for us to reduce our defence expenditures. In addition, I am informed the Turkish army has reduced its budget by 25 per cent and in the same session, almost at the same time, that little country voted $3½ million to buy pictures for its national art gallery. These things are going on elsewhere while we in Canada are saying that it is necessary for a long period to continue expenditures as high as those that were occasioned during the build-up period.

I was under the impression that when we had this capital expenditure completed, all the buildings erected, and all the equipment purchased, there would be a reduction in the estimates. We in this group are convinced that with the elimination of waste, and economies that could be practised by the defence department, it should be possible to save anywhere from $300 million to $500 million in our defence estimates without any reduction in the essential defence requirements of this country. I think the hon. member for Rosetown-Biggar, when speaking yesterday, clearly indicated where a good many million dollars could be saved in our defence expenditures. Owing to the necessity for security regulations and the consequent lack of knowledge, many members of parliament are at a disadvantage and can only base their arguments on their understanding of the over-all picture and on incidents brought to their attention.

Let me say first of all, Mr. Chairman, that I believe that most hon. members are ignorant of our defence requirements and without information generally. They do not know the facts and when you do not have the facts in your possession you are not able to make a proper analysis of any situation. We are suggesting, Mr. Chairman, that we should have a continuing defence committee composed of members of this house which would

be entrusted with the task of going into details of expenditures and through that committee, composed of members of all parties in the house, we would have a much greater assurance that the money to be expended now is required and that it will be expended in the proper way.

Now, Mr. Chairman, I pointed out that all we had to go on was our general understanding of the situation, our natural fear of the greediness of any general staff, and their attitude toward expenditures, plus incidents which are brought to our attention, and I am going to mention two or three incidents which were brought to my attention. Though they are small incidents they do indicate a state of mind and an attitude towards expenditure of public funds.

I was told recently that some time late in the fall the Minister of National Defence was in an elevator in defence headquarters taking some visiting dignitaries around the defence department and at the same time there was an orderly, or someone of that sort, in the elevator carrying a tray of coffee. The orderly bumped the minister and some of the coffee spilled on his trousers. Well, first of all we know the minister's trousers are inviolate, so naturally the minister was thoroughly indignant, or so I am told, and said something should be done about it immediately.

Mr. Ferguson: Send them to the cleaners.

Mr. Herridge: The staff at defence headquarters immediately sprang to the defence of the minister's trousers by issuing the following order, and I am now going to quote this order which was taken from the bulletin board in the national defence headquarters:

All Officers, D Pers

Carrying of Parcels

(1) The Minister of National Defence has ruled that there will be no more carrying of large baskets or boxes of coffee or food in the buildings occupied by national defence headquarters.

(2) There is no objection to the transportation of a single cup of coffee from one office to another when the need arises.

This was signed by L. L. Mathers (F. LeP. T. Clifford), Colonel, director of army personnel.

I understand that the result of the minister's order has been that instead of 10 cups of coffee being taken at the same time from the basement up to, say, the third storey offices, they have to carry one cup of coffee at a time. Now, just imagine an orderly going upstairs with one cup of coffee at a time.

My point is this, though this may seem only a minor incident, that if this is the general staff's idea of the utilization of manpower when they issue an order, then it is a rather sorry one, because it means 10 times more labour is required than was required formerly for "Operation Coffee". Under such circumstances we have every reason and good grounds to suspect that we are not getting value for the defence dollar.

Mr. Ferguson: Perhaps you are not aware that they are forming a whole battalion of coffee carriers.

Mr. Herridge: Then they will all have to work one at a time.

Mr. Ferguson: That is the reason.

Mr. Herridge: I would like to refer to another small incident. In answer to a question I asked in the house I was informed by the minister's parliamentary assistant that 36 pairs of skates were purchased for the College Militaire Royal de Saint Jean at a total cost of $1,224 or $34 per pair for the cadets in this military college. First of all I want to know why this government is buying skates for cadets who are reasonably paid by the Canadian taxpayer. Secondly, I want to know why they bought luxury skates. There are not very many people in Canada who can purchase skates at $34 per pair.

I think this is another illustration of a completely unnecessary expenditure in the Department of National Defence. Now, I want to mention one more incident, though I admit quite frankly it is a small incident. Nevertheless, it does indicate a state of mind, and disregard of economy.

Not long ago three generals came to the parliamentary restaurant to fulfil, I presume, a social engagement. I do not know whether it was for tea or dinner, but in any event the three generals came from defence headquarters in three beautiful and expensive cars driven by three chauffeurs. They all arrived in their grandeur complete with the three chauffeurs who had to wait outside the parliament building for about two hours.

My point is this. Ministers of the crown in a democracy are senior to the members of the general staff in regard to order of precedence and, in fact, members of parliament are senior in order of precedence to the chief of the general staff, and rightly so. But if our cabinet ministers, and I give them credit for this, can travel around in cars which cost a very modest amount without chauffeurs, surely we do not require such expensive cars for senior officers of the Department of National Defence often used unnecessarily.

I have mentioned three small incidents all of which indicate a certain trend and they

are only what we can see on the surface. We can only see the pimples of expense but therefore judge that the carbuncles are somewhat large in size.

I am not going to speak at length but I would now like to turn to something I think should be drawn to the attention of the minister. I am referring to the case of Kurt Meyer, whose kind treatment raised some objection in Canada recently. That matter is now closed. I think we had our legs pulled to some extent by the government in this case. This German general was found guilty of having incited and counselled troops under his command to deny quarter to allied troops and to be responsible for the killing of Canadian prisoners of war. The death sentence imposed by the court was commuted by General Vokes to life imprisonment. A reviewing board without any Canadian members has since granted remission of sentence which will mean that this nazi German general will be released in a few months.

My point is this. If this nazi general can receive that sort of compassion and his sentence can be reviewed by a board with the consent of the Canadian government, surely the same compassion should be shown to servicemen found guilty by courts-martial of far lesser offences during wartime and for which their punishment continues.

That is my argument, Mr. Chairman, and on that account I urge in all fairness and justice that there should be a review of these cases. Many servicemen are still undergoing sentence imposed during the war and they should be shown the same compassion as that shown to Kurt Meyer. Officers who were cashiered should have their sentences reviewed with a view to imposing a much lighter sentence than dismissal from the service.

Officers who were cashiered are now and will be forever barred from holding public office, which for any person is a terrible penalty. It must be remembered, Mr. Chairman, that these officers were volunteers who came direct from military colleges, from business life, or from the ranks, and they had little or no experience of the heavy responsibilities entailed.

I think, Mr. Chairman, that there are many men who are suffering today from sentences imposed during the war and whose cases now in all fairness should be reviewed. When our government can approve a remission of sentence to a general responsible for counselling the killing of Canadian soldiers, surely the government should in justice and in fairness review the cases of the men who are suffering at the present time for lesser crimes committed during the war. I urge a re-examination of these cases and consideration on behalf of these unfortunate men who are still suffering and will continue to suffer unless something is done.

In concluding I want to make just a few remarks concerning enlistment and examinations for enlistment because I have knowledge of some unfortunate circumstances and cases. I have personal knowledge of an unfortunate case which would not have occurred, in my opinion, if the Department of National Defence had been more careful in examining the young man to whom I have reference, who was in Essondale for a number of years. I may say that Essondale is our mental asylum in British Columbia. He was enlisted in the army, later committed a crime in the United States, was sentenced to life imprisonment and is serving that sentence in the United States at this time. So far nothing has been done to restore that young man to Canadian custody. I mention this case because I think it is a most unfortunate one. I am not suggesting that there are many, but when cases like this one can occur I suggest that there must be something wrong in connection with the examination of men seeking to enlist in the armed forces.

In this connection I want to read briefly from an editorial in the *Globe and Mail* of Friday, April 2, 1954. It is headed "The Real Question" and reads as follows:

> Parliament finally got around to the case of Private Walter Cierpisz on Wednesday, when a socialist member . . .

That is myself, I presume.

> . . . asked whether the defence department took any precautions against the enlistment of mental defectives in the armed forces. (Cierpisz, now serving ten years for manslaughter, was described at his trial as having a mental age of ten.)
>
> The answer given by Associate Defence Minister Campney suggests that, in his view, Canada's parliament and people are mentally defective. Certainly they would need to be, to swallow the miserable excuses he put forward. Claiming that each of the services gave careful mental and physical tests to prospective recruits, Mr. Campney continued:
>
> "Those who pass them must be far beyond the mental age of ten. The tests are carefully worked out, and have resulted extremely well in most cases. Of course, there will always be borderline cases wherever the line is drawn. Some borderline cases turn out very well and some not so well. This is one of the unfortunate ones."
>
> If Cierpisz, with a mental age of ten, was a borderline case, where is the border, and what is the line? Are we to assume that recruits with a mental age of 11 or 12 are considered safely past, or indeed "far beyond" it? In any event, was Cierpisz given the official tests, and by whom? Did he actually pass them, and by whose judgment? . . .
>
> Parliament must look further up in the defence department. Who makes and supervises appointments to examining bodies of this nature? How is the screening of recruits checked, if it is checked at all? Not until these questions have been

answered can we determine who, and at what level, is responsible for the enlistment of men who should never have been enlisted.

I quote from that editorial, Mr. Chairman, because I agree with the suggestions contained in it. When the minister speaks in reply to the criticisms made from this side of the chamber, I should like him to inform the committee of the procedure in connection with examining a man on his application for enlistment into the defence forces.

Once again I want to say that we on this side of the chamber—with the exception possibly of the hon. member for Esquimalt-Saanich and one or two others—are at a great disadvantage in criticizing these estimates with knowledge and with certainty. We know this expenditure is a terrific burden on the Canadian people but we cannot discharge our duty adequately by a general discussion during the estimates, while the house is sitting. I certainly think we require a continuing defence committee composed of members of all parties, taken into the confidence of the Department of National Defence and having an opportunity to make certain that every dollar that is spent is necessary for the adequate defence of this country.

Mr. Shaw: It is not my intention, Mr. Chairman, to occupy the time of the committee for long. However, there are certain matters on which I believe I should comment at this time. Yesterday the Minister of National Defence laid down, in clear and precise terms, Canada's defence policy. He dealt with internal defence and he dealt with our defence from the standpoint of our activities in association with our allies. What was said by him, supplemented by the white paper, gave us a reasonably clear over-all picture of policy. However, I think even the minister would agree that much detail was missing.

I want to concur wholeheartedly in the observation made by the hon. member for Kootenay West and by practically every other member who has spoken with respect to the necessity for the establishment of what I would call a standing committee on defence rather than a defence expenditure committee. Because of what has taken place in the past I fully realize that the name "defence expenditure committee" might cause the minister to bristle just a wee bit, but not if it were a defence committee, an all-party committee, charged with the responsibility of dealing with the estimates and of even dealing with expenditures. Where it seems, in the opinion of the committee members, that such examination is necessary—that is as to expenditure with respect to some specific matter—they should be authorized to pursue the study of that matter.

Certainly practically all members of the House of Commons find themselves in a most unfortunate position when it comes to consideration of these estimates. Actually, if we were to do justice to these estimates we would keep the minister and the committee here for days, weeks and even months. After all, let us just consider for one moment what part of the total budget is devoted to national defence. If we look at it in no other way, from the taxpayers' point of view we would be completely justified in devoting, as I say, even weeks or months to the consideration of that department alone. I certainly suggest, for several reasons, that the minister urge the government to give favourable consideration to the setting up of that committee which would be a standing committee and which could sit almost continuously while parliament is in session.

After all, we have other committees. We realize that even though the Secretary of State for External Affairs from time to time makes comprehensive statements on the floor of the House of Commons, certain of his estimates are referred to the external affairs committee and witnesses are called before that committee. Those who are members of that committee will secure much information from the witnesses and we who may not be members of the committee will certainly have the benefit of the printed evidence. But possibly of even more importance than that, the Canadian taxpayers will have an opportunity of securing copies of that evidence.

Important as defence may be, I cannot lose sight of the fact that the Canadian taxpayers are bearing a colossal burden for defence. Times are reasonably buoyant now. Even though that is so, yesterday the minister stated that the burdens laid upon this country by national defence are heavy, even in relation to our immense resources. He might also have added "even in relation to the general economic picture in the country today". We have no assurance that the general economic picture will continue to be as favourable as it is at the present time. Yet the demands for adequate defence may make it completely impossible to cut back even though there may at some time be a general deterioration in the economic picture. My personal conviction is that as long as international tension continues, as long as the avowed purpose of the communists is what it is today, as long as their actions continue to give the lie to their words, we will not only have to maintain our defences at the present level but will most undoubtedly have to expand them as time goes on. I think it

would give a good deal of comfort and satisfaction to the Canadian taxpayers, and certainly to a good many members of the house, if such a committee were set up.

May I suggest to the minister that I think the onus is upon him to give us reasons, if there are such, for not setting up a committee on national defence. Certainly he is aware of the widespread demand from this part of the house. With reference to the lack of information, may I say that it applies not only to members of the house but also to the Canadian people, and undoubtedly much of the criticism that falls upon the minister's shoulders from time to time results directly from the fact that the Canadian people are not as fully informed as they should be.

Let me give an illustration or two in order to be quite specific. There were two fires recently at Canadian air stations, and investigations were made with respect to them. May I clarify a certain matter right at this point. Members who were in the house prior to the last election will recall that from time to time I offered severe criticism of certain things that were happening with respect to defence construction at Penhold in my constituency. I am still absolutely convinced that I was completely justified in doing so. I do not have to go beyond the words of the present Minister of Public Works to believe that much good resulted from what I said on the floor of the house.

But this is what I want to point out. Last summer certain friends of the government went out of their way to create the impression that what I did on the floor of the house with respect to Penhold was to criticize the Royal Canadian Air Force as such. I say that accusation is wholly false. I have had the greatest admiration for the Royal Canadian Air Force both during the war and in the period subsequent to the war. As far as I am able to determine, the Penhold air station is operating in a most satisfactory manner. From what I have learned I am confident that the officers are carrying out their work in a most satisfactory way and are deserving of commendation. Let it not be said again, in the light of what I am going to say now, that I am offering criticism of the Royal Canadian Air Force. I realize fully that they operate under certain rules and regulations which at times may leave them in a position where it may appear that they may be responsible for things for which they are not responsible.

Having said that, may I refer to the rather disastrous fire that occurred at Penhold on April 10 which resulted in the destruction of a hangar in which there were a number of service aircraft. All I have to go on of course are the press reports. It was indicated that it was a million dollar fire. That may be quite wrong, but that is the information I have and that is the information the public has. On May 3 I asked on the floor of the house if the investigation into the fire had been completed and, if so, whether the report would be tabled in the house. I realized when I asked the question that there was slight possibility of the report being tabled because apparently it is not government policy to do so.

I should like to ask the minister this question. Why should it be the policy not to table the report of such an investigation as that into the fire at Penhold? That is a question that a great many people would like to have answered. Why? When police investigations take place into certain things the information is made available to the public. Because of the fact that the people do not know any more than they saw at the time or read in the newspapers, two stories are current. One is that if the wind had been blowing from the opposite direction there might have been very little of Penhold air station left. I did not happen to be home at the time, but persons who were present have indicated to me that that might well have been the disastrous result. It was also indicated that at the end of the fire and before the hangar was destroyed the people fighting it were completely without water. If that is true it simply means that maybe we have not made adequate provision for fire protection.

I think these are things that the minister should clarify. I am not making these remarks in any critical sense. We have a wonderful station at Penhold. The Canadian taxpayers have quite a few millions of dollars invested in other air stations and installations across Canada. I believe it is the practice of the government to carry its own insurance with the result that a million dollar loss in a fire simply means a million dollars lost to the Canadian taxpayers. I trust the minister will be able to assure the house that adequate fire fighting facilities are established at these stations.

Even more important than that, I have before me a short editorial that appeared in the *Albertan*, a Calgary daily paper, the issue of April 13, and in it a few questions are asked. I suppose they probably would not have been asked if the answers were known. Certainly I cannot answer them on the basis of the knowledge I have now. The editorial reads as follows:

> We would like to know what system of fire watches is maintained at R.C.A.F. stations.

Then they refer to Penhold and ask this question:

> . . . is there one man on duty at all times at each hangar, or does one man have to keep watch on several hangars? We gather from the news reports that the latter condition exists. Loss was at least a million dollars at Penhold when fire destroyed one of the hangars and its contents over the week end. It is reasonable to believe that if one man had been assigned to that building alone, patrolling all corners of it, the fire would have been detected in time to control it.
>
> Any privately owned building worth a million dollars has a watchman on duty every hour of the day, every day of the year. Isn't public property worth just as much protection? Should the authorities take unnecessary chances just because the taxpayers can be counted on to make up the loss. There are reported to be about 3,000 men at the Penhold station. Surely it wouldn't be a hardship on the personnel to have someone in each hangar at all times.

What the policy is across Canada I do not know, but I think we should know. Of course, if it had been generally known at that time I doubt if these questions would have been asked by the *Albertan* in this editorial. I trust that the minister will bear that in mind. I am not concerned specifically with Penhold. That sort of fire could occur anywhere. As I say, I am concerned about the water supply. I know that we paid plenty for a water supply there. I am also concerned about the consequences of what the people who were there say would have happened if the wind had been in the opposite direction. I say to the minister that personally I cannot understand why reports of investigations of this kind should not be made public. I think it would ease the public mind. It is not just a question of trying to attach blame to somebody. I am not trying to attach blame to anyone. Whatever is done is done because of policy. The fire watch at Penhold, whatever it was, I asume must have been the same as that in existence at other air stations. It may be good, but we do not know what the general policy is.

There is another matter that I feel the minister should bear in mind. I can judge the importance of this only by the number of letters which have come to me from parents. The minister will understand that I am not in a position to table the letters, so I shall not quote them. They are from the parents of persons in the air force, and certainly I am not going to even run the risk of jeopardizing their welfare by naming them. Recently, while the minister was away, I asked the Associate Minister of National Defence this question. These are not exact words, but it was something like this: Does the government intend grounding all jet aircraft in Canada pending an investigation into the crashes that have taken place within recent times? The associate minister indicated that there were several types of jet aircraft, and therefore it would be rather senseless to ground them all. Perhaps I should have been more explicit in my question and mentioned the specific type of aircraft or asked in my question that the particular type of jet aircraft that is causing the difficulties be grounded.

I am advised with respect to these crashes that we do not know about all of them. I should like to know the total number of crashes there have been in Canada of jet aircraft, say within the last six months. This seems to have been a particularly bad period. I should like the information concerning accidents to jet aircraft, not only in which airmen have been killed, but accidents on the ground. I am told by the parents of young men in the air force, who were told by their sons, that the information is kept completely away from these young men. What they learn they hear over the air or pick up in the newspaper, even though it may be an accident in connection with their own station. They say it is extremely detrimental to morale. I can easily understand how it could be detrimental to morale.

I feel the minister should give this house a clearly-defined picture of the actual amount of training an airman gets before he solos in a jet aircraft. I am not suggesting for a moment that the information I have is correct, but once again it comes from parents whose sons have indicated to them that it is their conviction they are compelled to solo much too soon so far as these jet aircraft are concerned. They get a certain amount of training with Harvards. I am told that after they get that training with Harvards they are given six hours' dual instruction on a jet, and then they are on their own. That is the statement that comes from the parent of one of the boys who is flying a jet. I do not know enough about jet aircraft to know whether or not six hours' dual flying, even though they have had the training in the conventional type of aircraft, is sufficient. Certainly, something is wrong somewhere when one stops to contemplate the accidents that have occurred in connection with jet aircraft in Canada. I trust the minister will try to satisfy us with respect to this matter. These and many other things are based on the lack of specific information before me and before the Canadian public.

I think that probably even before now either the minister or the Associate Minister of National Defence should have been right up on his feet to make a statement with respect to these jet aircraft crashes. I think it would certainly result in much higher morale among the service personnel, more

particularly among the younger lads. I know one parent wrote to me and said: For goodness' sake, until they find out what is wrong with these jets, put the older, more experienced pilots into them and not my young lad of 21 with the training he has had. He said he just sits in fear awaiting that telegram to come, and he would be much happier if he knew that for this period, while they are having some trouble, they would keep these young lads out of jet aircraft.

Actually, I did not intend to speak so long. I did not try to deal with defence policy. My colleague the hon. member for Wetaskiwin dealt with that. He made it abundantly clear to the house that we believe Canada should be as adequately defended as possible. As he said, it is not how much we spend, but how we spend it that counts. The government has had no trouble from us when it has come to securing support for defence appropriations. We do, however, feel that the greatest value should be procured for every dollar spent. We do feel, as other members have stated, that so far as we are concerned there is no justification for failure to set up that defence committee. After all, let me repeat, more than $2 billion has been appropriated for defence this year; that is a substantial part of our 1954-55 national budget. If we can take time to have other committees studying other aspects of government operations, then how much more important is it for us to have a defence committee for the purpose of examining into defence.

Mr. Claxton: I think it would be most unfortunate if I allowed a minute to go by without answering the questions raised by the hon. member for Red Deer concerning the accidents to jet aircraft, because to leave even those questions unanswered would have a most unfortunate effect both on the morale of the force and upon recruiting for the R.C.A.F., as well as on the comfort of mind of the parents.

Mr. Shaw: It has already had a very bad effect.

Mr. Claxton: We do not find that within the air force, but I should answer the question. I do not know what caused the hon. member's inquiry if it has not been principally the accidents that have happened to Comets. We have two Comets in the R.C.A.F., and at the moment both are still in existence. We have never had any serious trouble at all with them, and both of them are now undergoing modifications that have been suggested by the manufacturer.

In so far as jet aircraft in general are concerned, the only jet aircraft operating in Canada of which I know are operated by the R.C.A.F. Any question that is raised concerning the accident rate, therefore, of jet aircraft in Canada must refer to the accidents suffered in the R.C.A.F. I should tell hon. members that the fatal accident rate, that is the total number of fatal accidents per one thousand hours of flying by R.C.A.F. jet aircraft, is lower than that for conventional types. The fatal accident rate for jet aircraft flown by the R.C.A.F. is lower than that for conventional types. What is more, the total fatal accident rate for the R.C.A.F. is lower than that for the United States air force or for the Royal Air Force. It is lower for 1953 than it was in 1952.

Mr. Shaw: May I ask the minister a question? The minister mentioned fatal accidents. Does that information include the non-fatal accidents?

Mr. Claxton: No, just the fatal accidents.

Mr. Shaw: I was interested in the other as well.

Mr. Claxton: The figures are comparable with regard to the non-fatal. It is difficult, however, to make a similar comparisan with regard to non-fatal accidents because different countries grade them differently.

I have not got the information here concerning the hours of training that Canadian trainees receive. I can get that information and the question can be answered later when we come to the air force estimates, if it is not available today. We have in Canada a vast experience in the training of aircrew. We gained it during the war in the British commonwealth air training plan when we trained 131,000 aircrew for the commonwealth, 71,000 of whom were Canadians. And Canada, I think, had a higher percentage of aircrew in her armed forces than any other country fighting during the war. Since that time we have kept our methods of selection and training up to date through developments here, and by following very closely the practices in effect in other countries.

I can tell the hon. member, from what I know about it, and from what I am told, not only by our own officers, but also by the officers of air forces in other countries—and we heard frequently from them because they visited their own trainees who were here with the NATO group—that our methods of selection and training are second to none. That is the way we want to have it.

Mr. Stick: Mr. Chairman, when we come to the annual debate on the estimates for the Department of National Defence we cover a lot of ground from the personnel, strategic and tactical standpoints, so that one could

speak for a very long time on this aspect of our security. It is not my purpose to go into higher strategy—although I could—or the tactics we have developed to defend this country. That has been gone into by other speakers, and I shall not repeat it today.

However, listening to the minister yesterday one could not help being struck by the position in which this continent finds itself, when he described the terrific power of the A-bomb, and now the hydrogen bomb—and I suppose in a short time it will be the C-bomb. This power of destruction is so great, we have been told, as to stagger the imagination of the ordinary human being. But let me say immediately that all down through the history of war, its basic principles never change, although the means of waging it have changed.

This massive power of destruction which we have is only a continuation of the powers of destruction we have had in modern times. It is something to consider very seriously, and something to drive home in the minds of our people so that they will be fully informed of the dangers which lie at their door, if a third world war were to take place.

We all know that Russian aircraft can reach this continent. We also know that, with all our defences, some of the aircraft will get through. That is a serious situation for people living in the large cities on this continent. It is a situation which I know concerns the heads of our services, and one with which they are grappling all the time. It is a condition with which this and other countries are grappling conscientiously at all times. Nevertheless some of those aircraft will get through. And with that situation, I think we have to face up to the fact that our civilian population should be warned sufficiently so that they may take adequate steps to minimize this danger which confronts us today.

To bear out my point, may I quote from page 4905 of *Hansard* what was said by the minister. He said:

> It is very risky for people charged with defence to make a prophecy. All we can do is to give opinions and not give assurances, but this system of defence against air attack has reached the stage today where if I were in charge of the Russian air force and were aiming to reach important targets in the United States—

And I am sorry he did not mention Canada.

> —I would not go across the lines of these radar defences. I would go some other way—

And he ends with the words, "and there are other ways". That, to me, if it means anything, means that with all our defences—and they are good; I have seen them myself and I think they are manned by capable aircrew—we are vulnerable. Because if there are other ways, we must be vulnerable. I do not want the minister to give any hint as to what the other ways are. I would not expect that. I do not want him to say it, and I do not want to know it. But that significant statement made yesterday by the minister is something which should be brought home to every man, woman and child in this country—that we are vulnerable.

I come from a province which is vital to the defence of Canada. This afternoon, if I may, I want to confine myself to a problem which, as I see it, confronts us on the eastern seaboard. It was only last Sunday that we, together with the armed forces, celebrated the anniversary of the battle of the Atlantic. We know that we won that battle only by a very short hair. Sir Winston Churchill, in his memoirs, has said that it was touch and go. And there is danger in the Atlantic today, just as much as there was during the second world war. I refer to the submarine menace.

Now, I know we have improved our methods of submarine detection. I also know that the menace is there today, just as much as it ever was. With the modern submarine, and with methods of detection, the menace still exists. Let me say right here and now that it is only two or three years ago that Russian submarines were in the bay of Fundy and around the coast of Newfoundland. I know the number that were there, but I will not mention it. However, I do know they were there—and they were there for no good, so far as we are concerned.

The latest development is that of Russian trawlers fishing on the Grand Banks. I wish to refer to this visit to the Grand Banks which took place a short time ago, because to me it seems that it shows a certain amount of slackness in our military forces in the province from which I come. I shall try to bring out this point.

In this connection I quote from the *Evening Telegram* of St. John's, which says:

> U.S. Intelligence, the R.C.A.F. and "certain authorities" are expressing keen interest in the goings-on of two Russian trawlers on the Grand Banks.
>
> U.S.A.F. and R.C.A.F. planes have flown over the trawlers—Odessa and Sevastapol, which are partially "manned" by women—and the R.C.A.F. took some aerial photographs of them.
>
> Meanwhile captain of the Spanish trawler "Euskal-Erria" has taken sea-level pictures of the Russian ships and taken these photos to "certain authorities in Newfoundland" and to U.S. Intelligence at Pepperrell base.

It goes on:

> F/O Lloyd admitted that most of the information available to the R.C.A.F. in Newfoundland and Halifax, maybe Ottawa, now too, was gleaned from *Evening Telegram* investigations and reportorial accounts.

In other words the first word our intelligence officers in Newfoundland had was this article in the *Evening Telegram.* It states further:

> Commodore Gabriel Aguirre of the Spanish fishing fleet told the *Telegram* his subordinates reported to "certain authorities" in St. John's, giving those "certain authorities" photographs and getting in return (for better pictures) a better camera than that which they were using, so as to get more pictures of the Russians at the Banks.

And it ends in this way:

> Russian trawlers aren't on the Grand Banks to fish. They're there for information relevant to our coastal waters, defences and the like, Commodore Aguirre said in an exclusive *Evening Telegram* interview.
>
> W/C Pleasance, head over the R.C.A.F. here, said last night he didn't know too much about the Russian ships ". . . and I'd like to know more."

If that means anything to me it means that the Russian ships were fishing on the Grand Banks for some time before our authorities knew anything at all about it. The first intimation they had that the Russians were there was when this Spanish commodore came into St. John's, Newfoundland, for supplies and notified the authorities. That brings me to a recommendation which I intend to make now. In this fishing fleet on the Grand Banks, which is composed of Portuguese, Spanish, French and other trawlers those countries have vessels on patrol for their protection. I think the time has now come, indeed if it is not overdue, when we must have a warship of some form on the Grand Banks watching what is going on there. It would be useful to our own fishing fleet; certainly they need some protection in case of emergency, and to keep an eye on the Russian trawlers coming out fishing there. We know, regardless of how much we should like to think otherwise, that they are not there for our good. First of all we had a submarine, and now we have Russian trawlers. I am convinced they are not there to fish. They have plenty of places to fish without coming to the Grand Banks.

This brings me to another point. Newfoundland is, as all hon. members know, an island. It is also known, as I mentioned a moment ago, that the submarine menace is a serious one. If we do get into a third world war, which I hope we will not, there will be hell on the Atlantic. We had hell on the Atlantic before, and we in Newfoundland know it because hundreds of seamen who were rescued from the icy waters of the Atlantic were brought to our shores, and it was almost a daily occurrence. Furthermore, iron ore ships were torpedoed in Conception bay, not far from my home, with a great loss of life. They were torpedoed right in front of people living there. Only the other day it was reported in the papers that a submarine in the English channel on manœuvres had disappeared. An alarm was sent out that it had not reported for some time. They thought it was in difficulty, but later it surfaced. It had eluded all the craft that were searching for it. They were searching for the submarine with the latest modern submarine detection equipment. If that could happen on manœuvres in the English channel it gives us some idea of the danger that the submarine menace is to our security today. I could give other examples of that but I do not want to do it here in the committee because I do not want to give any comfort to the enemy, no matter who he may be. It is my firm conviction that the submarine menace is a serious one. The position in which my province finds itself is this, if we should ever get into a third world war, we are dependent almost wholly on the sea for our supplies. If this menace is as bad or as serious as I think it is we shall have to supply our troops in Germany largely by air. We have not the airports in Newfoundland or Labrador to take care of the traffic that would have to be accommodated.

I was told about two or three years ago by those who knew that another airport should be built in Newfoundland. It was not built. I was at Gander at the time and I was told on very good authority that if we ever got into a war Gander could not carry the traffic and neither could Goose, and another airport was needed to carry the prospective traffic. It is a vital necessity. I bring it to the attention of the authorities. I do not want Canada to do it if she is not able to do it. She might make some arrangements with the United States. The United States already have two airports there, one at Harmon field on the west coast and the other at Marquise near the naval base at Argentia. We have Gander and Torbay, and Goose in Labrador. So great will be this traffic going by air that we will not have the facilities to carry it. To me it is going to be a serious thing. I think the time to prepare for it is now; therefore I bring it to the attention of the minister. I am not criticizing him or his department; I am just bringing it to his attention because if this happens, as I see it, then you will have to supply the people of Newfoundland by air. That is the only way you will be able to get the supplies in.

I could go farther and recommend where the airport should be, but I shall leave that to the people who are supposed to pick out the places and when they do probably I shall have something more to say on the matter. I do want to bring that to the serious consideration of the minister. It is serious to our people in Newfoundland and

it is serious to Canada. Newfoundland is the Gibraltar of the Atlantic. It played a vital part in the convoy system during the last war, and it will play a greater part if we ever get into a third world war. I want to bring that with all the emphasis I can to the attention of hon. members.

To bear out what I am trying to say and to try to emphasize it I am going to quote from the remarks of the minister which he made yesterday in a very frank way. He said, as reported at page 4905 of *Hansard*:

> When we were up in the Arctic four weeks ago I was astonished to find that to keep a weather station employing nine men going took 340 tons of supplies a year, and that involved 30 round trips of a North Star aircraft from Resolute Bay to wherever the station was. It also involved getting the supplies to Resolute by aircraft or ship. When we have to use 30 round trips of a heavy transport over these immense distances to supply a station employing nine men you can see how tremendous will be the task of increasing our defences in the far north. However, I am sure that more will have to be done and that it will be done.

If it takes 340 tons of supplies to supply nine men, how many tons of supplies will be needed to supply the people of Newfoundland, to keep life in them, because you will not get supplies in by sea. The only way will be by air. I quote that statement to emphasize the point which I am trying to make here this afternoon.

Others have mentioned the tremendous cost of this defence, roughly $2 billion a year. We are all very much concerned with these tremendous expenditures. We are all very much concerned with the burden that our people have to carry by paying taxes to maintain it; but I say here definitely now, irrespective of anybody else's opinion, we cannot afford to spend less. We have vast areas to defend, and we have a small population. As I pointed out a moment ago, we are vulnerable. Not only are we vulnerable in the air, but on the sea. And the first duty of this government is the protection of its people. Although I regret the heavy expenditure, I say this, and I say it emphatically: We cannot help ourselves. Until such time as international tension eases we have to spend this money if our people are going to get the defence to which they are entitled.

I have no criticism of the Department of National Defence. Mistakes have been made; we all know that, but they are not vital mistakes. I have every confidence in the Department of National Defence and in the heads of the three services that they are doing everything possible to give us the defence which we need. But they have a tremendous problem. We have a vast area to defend, and we have to plan for defence with a small population to carry it out, and with limited means. Therefore they have to plan in accordance with the problem as I stated it a moment ago, and it is no easy job. It is a difficult situation. Nobody knows what is going to happen next month or six months hence.

It has been mentioned here that it looks as if we are going to fight the next war as if it were a continuation of the last war. I do not know. The H-bomb has made a difference in our weapons; there is no doubt about that. There is no doubt that some of the weapons we have today will be obsolete. That is a problem that you have to face. And you get different opinions from the highest authorities. Until they have settled that it will be useless for us to spend vast amounts of money unless we know where we are going and why we are spending it.

I have nothing further to say, Mr. Chairman, except that I regret this emergency and I regret our having to spend this money on defence when it could be used for more useful purposes in the world. But while this threat is hanging over our heads—and it is not lessening; Geneva and Indo-China will tell you that—while this threat is there, we shall have to face it if we are to get the protection which we need. I think if the Canadian people, whom I believe to be the finest people on earth, second to none, are told the true hard facts they will face up to them as they have in the past, they will come through as they have in the past, and they will come through no matter what happens.

Mr. Diefenbaker: Mr. Chairman, I do not intend to follow the arguments which have been advanced by the hon. members who preceded me, nor to repeat the arguments which have been placed before the committee by other members. I was impressed by the remarks of the hon. member for Kootenay West when, apparently in consequence of the words of optimism expressed by the minister yesterday, he pleaded for a reduction in the amount of expenditure for national defence.

The minister gave the house a very complete outline of the situation which, together with the white paper, revealed in some detail Canada's position. But I think the minister went rather far when he gave expression to the following:

> It is very risky for people charged with defence to make a prophecy. All we can do is to give opinions and not give assurances, but this system of defence against air attack has reached the stage today where if I were in charge of the Russian air force and were aiming to reach important targets in the United States I would not go across the lines of these radar defences. I would go some other way, and there are other ways.

That statement, Mr. Chairman, has much in common with the Maginot-line complex of 1935 to 1939 and, having regard to what knowledge one may obtain by visiting various parts of northern Canada, to say the least it is based upon pious optimism. All of us hope that the minister's prophecy may be attained, but it does indicate an attitude of unreality and a failure to appreciate what I think the people of Canada must realize, namely that the danger to our survival is today as great as, if not greater than, it has been since 1945.

The hon. member for Kootenay West urged the establishment of a committee to investigate expenditures to ensure economic expenditure. All hon. members want economic expenditures, but I personally do not see—and I speak for myself alone based on my experience in this house—how such a committee having regard to its party complex can achieve what the people of Canada expect, namely actual production of armaments instead of a march of statistics based upon the amount of expenditures. With some Canadians already weary of the heavy expenditures and heavy taxation it is time our people were made fully aware of the dangers inherent in the world situation.

Recently I had the privilege of seeing something of the situation in Europe at first hand, and in this connection I would like to say that I was given every assistance by the departments of external affairs and defence. I had the privilege of an interview with General Gruenther, a man of masterful personality, tremendous capacity for leadership and with a knowledge of world events which fits him for the position he now occupies. I do not think those associated with him at SHAPE headquarters would express the hope that the danger is less than it was at any time during the last nine years.

Indeed, one of the greatest fears we face today is this, that nations will weary in well-doing and that the continued preparations for war will cause the feeling of apathy which, as one listens to the debate in this house, is not unrevealed in this chamber, if one can draw any conclusion on the basis of the attendance for this debate.

General Gruenther is coming to Canada early in June. He is a man who could give the Canadian people something of the picture as he sees it, and I hope that some time during his two-day visit he will be given the opportunity through the medium of the C.B.C. to place before the Canadian people the defence picture as he can reveal it from his position as supreme commander.

All of us hope for a reduction in war expenditure. We have the right to expect that the government will institute what it has not heretofore instituted, namely a more meticulous and careful examination of expenditures so that unnecessary and wasteful expenditure will be abolished and the purchase of obsolete weapons will be discontinued.

The minister in his speech revealed a change in his thinking. I well remember some five or six years ago when his emphasis was not upon air power. The hon. member for Esquimalt-Saanich, with his unequalled experience and a knowledge of our problems gained during his progress from the ranks to the post of major general, in the infantry during two world wars, long ago indicated that in his opinion what was necessary was an intensification of air power and a lesser emphasis upon other means of defence. In 1949 he made a speech to that effect in this house and I shall read a portion of that speech. On November 18 of that year he said, as reported at page 1960 of *Hansard*:

> Government policies are revealed in the estimates that are produced.

Then in the next paragraph he continued:

> I have been an infantry soldier most of my life and I have all the pride and tradition of marching men behind me, but I say with that background that where we are spending under these items $1 on the army we ought to be spending $3 on the air force. One dollar on the army and $3 on the air force. I have not had the advantage of discussing this matter with the committee; I have not been able to prepare details of the estimates, but those are the proportions in which the money ought to be spent. That is why I feel in duty bound at this time to oppose the whole policy underlying the maintenance of our forces, because I do not believe the people of Canada are getting the proper amount of protection in return for the money they are providing.

That was his view in 1949. Events since 1949 indicate that his powers of anticipation and prophecy envisaged the world situation of today. The views he then expressed are the views which are accepted now by the general staffs of the various armies. In the British defence white paper of 1954, which to a degree represents the viewpoint of the British chiefs of staff, these words appear:

> If by some miscalculation in communist policy or by deliberate design, a global war were to be forced upon us, it must be assumed that atomic weapons would be employed by both sides. In this event, it seems likely that such a war would begin with a period of intense atomic attacks lasting a relatively short time but inflicting great destruction and damage. If no decisive results were reached in this opening phase, hostilities would decline in intensity, though perhaps less so at sea than elsewhere, and a period of "broken-backed" warfare would follow, during which the opposing sides would seek to recover their strength, carrying on the struggle in the meantime as best they might.
>
> Such a prospect emphasizes yet again the prime necessity of basing our defence policy upon the

prevention of war. It also makes clear the need to keep the lead which we now hold in technical development on which we must rely to offset the preponderance of the communist states in manpower.

Then it goes on to say this:

The basic one must be that by 1960—if not already—the Soviet union will be in possession of an ample stock of tactical atomic weapons, and she may strike in a very different manner from the sort of build-up and attack she would have launched in the pre-atomic days.

The views of the British chiefs of staff in 1954 represent in large measure the viewpoint expressed by the hon. member for Esquimalt-Saanich in 1949. The government can learn much of benefit in the discussions in the House of Commons by members with knowledge and a realization of the issues as they are. The North Atlantic Treaty Organization, with available atomic weapons, apparently stands in a better position than at any time throughout recent years. We are in a position—and I quote the reference to General Gruenther to which I believe allusion has already been made—where the U.S.S.R. have nothing that would match the B-47 today. But with the expansion taking place in connection with atomic energy in the U.S.S.R., our great danger is that if we fail to continue to produce and to secure the largest possible return for the defence dollar spent, five years from now we shall find ourselves in a position where our relative strength in atomic weapons will be lower as compared with that of the U.S.S.R. One of the great deterrents to war is atomic power. Its influence for peace may be lost within five years because of our failure to place greater emphasis on air development and to spend a greater portion of our defence dollar upon aircraft capable of conveying atomic bombs to their destinations.

I well remember when in 1949 the hon. member for Esquimalt-Saanich advanced his arguments, on behalf of air power, the answer that was invariably given was in effect that his views did not represent the view of those in authority on the staff.

My friend the hon. member for Kootenay West indicated that some nations are reducing their expenditures. He mentioned the United States and he also referred to Turkey. Those reductions are taking place, not by reducing the amount produced but actually by savings and by economies, thus achieving the same return as the expenditure of the larger amount would have achieved.

I believe every facility should be provided to members of the House of Commons to see at first hand the situation in Europe as it is. I have never advocated junkets at the expense of the state; far from it, but Canadian members of parliament should have the same opportunity that United States members of congress have to see what is going on over there. Such visits should be provided not at the expense, as I say, of the state but by utilizing the facilities that are available as the Royal Canadian Air Force engages in routine flights or other training expeditions. Only by first hand knowledge can members of parliament have a knowledge of conditions.

The minister mentioned the power of NATO. The progress that has taken place in the last three or four years has been tremendous. The results are a tribute to those who have given their devotion to the service of the organization comprising fourteen member nations who have been able to work together in a way that could not have been anticipated a few years ago. But certainly one of the great dangers in NATO is that discord and dissension will take place, similar to the divisions among the free nations as have been revealed in the Geneva conference. Disunity and division, confusion and cleavage. Ultimately disunity will result in the weakening of the western democratic and freedom-loving nations. Failure to agree is playing into the hands of the communists.

Two striking things during my trip come to mind. One was to see in France, a matter of but a few days ago, something of what communism can do. I was in the gallery of the chambre des députés the day that Dien Bien Phu was captured. The communists there knew what had happened. They forgot the glory of France in their apparent joy at the fact that destruction had come to the French army that had so gallantly defended that outpost in Indo-China. A day later I saw something of the spirit of France when, in defeat, everywhere there was that attitude of mourning and courage which indicated that out of that defeat in Indo-China will come a new determination and a renewed power for greatness.

It has been said that in Europe communism is in recession. The answer is in the returns of the election which took place recently in northern France where the communists won a surprise local victory and the same in Italy where some 30 per cent of the people are voting communist. These things are of interest to us because to the degree that communism is able to establish itself, to that extent the possibility of the European defence community plan being passed and brought into being recedes into the future.

The Deputy Chairman: Order. I am sorry to have to interrupt the hon. member but it

is five o'clock and the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

The Acting Speaker (Mr. Applewhaite): Hon. members will have noticed that there are several divorce bills on the order paper. Shall they all be considered in one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Bill No. 449, for the relief of Francis Walsh.—Mr. Hunter.

Bill No. 450, for the relief of Hilda Anne Darke Marshall.—Mr. Hunter.

Bill No. 451, for the relief of Claude Raphael Sacchitelle.—Mr. Hunter.

Bill No. 452, for the relief of Isabel Mary Peebles Brown Macartney-Filgate.—Mr. Hunter.

Bill No. 453, for the relief of Wilfrid Lavoie.—Mr. Hunter.

Bill No. 454, for the relief of Joseph Edgar Emilien Landry.—Mr. Hunter.

Bill No. 455, for the relief of Joseph Victor Gerard Fontaine.—Mr. Hunter.

Bill No. 456, for the relief of Jeanne Robert Hotte.—Mr. Hunter.

Bill No. 457, for the relief of Heneault Champagne.—Mr. Hunter.

Bill No. 458, for the relief of Leopold Ruel. —Mr. Hunter.

The Acting Speaker (Mr. Applewhaite): The business for the hour for private and public bills having been disposed of, the house will resume consideration of the business interrupted at five o'clock.

SUPPLY

The house resumed in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF NATIONAL DEFENCE

The Deputy Chairman: The hon. member for Prince Albert. Item 239.

Mr. Diefenbaker: Mr. Chairman, I was dealing in general with the NATO organization, the need of its preservation and the realization by all of us that criticism of other nations within NATO is a detrimental course and weakens that organization at a time that the communists are endeavouring to cause dissension, disorganization, disagreement, delay and deferment of decisions. When we sometimes feel prone to criticize the United States of America let us realize one fact, that of the $68 billion this year that is being expended through the NATO organization to maintain and preserve freedom almost 80 per cent is furnished by the United States of America.

The communists' aim and endeavour is to divide, to divide and rule because of the division. They adopt a different policy in every part of Europe to meet the circumstances of the country in which they are. In France they oppose EDC and say in effect that the 500,000 men that Germany would provide are unnecessary. They go back to the hundreds of years of difference and difficulty between France and Germany. In Italy they bring up the question of Trieste and contend that if EDC is ratified by Italy then in that case the hope of the Italians to retrieve Trieste will be gone.

In northern Italy they operate in the trade unions on the basis that they have achieved a great deal for the workmen. Among the farmers they say that there will be no rent. For every area they have a policy. Their purpose is to divide and thereby destroy the security which the unity of NATO alone can preserve. I hope that everything will be done by our leaders to bring home to the Canadian people and to the peoples of all the nations within the NATO organization the imperative need of preservation of the unity of NATO. Unity cannot be divisible and freedom survive.

Next, the maintenance of the spiritual things of free men is important. In that regard I think the recent judgment of the supreme court of the United States denying segregation is one of the greatest steps forward for democracy everywhere in the world in removing as it will one of those stumbling blocks with which communism has been able to block the roadway to freedom for the coloured races. I predict that magnificent judgment will take its place internationally in the years ahead in the struggle against communism to the same degree as Lincoln's emancipation declaration had its effective results in unifying the various states of the United States.

NATO is a tremendous project. Canada has made a worthy contribution. I bring you from among the NATO nations a message of the appreciation of the contribution of Dana Wilgress and those associated with him. I believe that if there had been a similar organization during the 1930's a second world war might have been averted. What NATO has done is to build a shield in Europe that could not have been foreseen two or three years ago.

The NATO nations possess 5,800 aircraft, of which 2,400 are jet fighters. In addition,

they have a thousand more based in Great Britain. Throughout Europe they have built up airports capable of accommodating 350 jets. They have forces which, while they will not stop the enemy if it moves, will nonetheless act as a deterrent. There are 500,000 on the German front compared with 400,000 in the armies immediately opposite them. Across Europe from West Germany to Turkey NATO today has 3,100,000 men under arms compared with 4 million in the Soviet.

NATO is doing something more. It is organizing the economic strength of these nations. NATO nations have 68 per cent of the oil in Europe, 76 per cent of the shipping, 66 per cent of the steel, 59 per cent of the coal and 62 per cent of the electric power. This has been achieved because there has been unity. I fear that the unity that built this great alliance for defence and survival is in danger of being broken by the disagreements that are taking place at Geneva and elsewhere. Divisions among the free nations help the communists. I believe that above everything else we of the freedom-loving parliaments must take a firm stand against unnecessary divisions, disagreements or cleavages among the free nations. We must realize that only in unity is there survival.

What can NATO do in Canada? One of its programs is called infrastructure. I do not know who invented that strangely sounding word. Under infrastructure NATO builds airfields, communication lines, oil pipe lines and so on. Accepting the general thesis, now accepted by the minister and rather disavowed five years ago, that the major element in our defence is air power, I believe that the nations of NATO and in particular the United States, in view of the fact she is our closest neighbour and realizes our vast mineral resources that are so necessary for the survival of NATO, should give consideration to assistance in building strategic roads within this country that are necessary to defence. Such roads, besides being of great defence value, would be useful at the present time in order to provide a means of ingress and egress of our northern areas.

The opposition of the minister has been expressed on a number of occasions, but he has changed his mind on the question of the need for the intensification of air development. His attitude in the past has been opposed to doing anything in this regard. Having regard to the position in the western provinces, the oil, uranium and other minerals there, I believe our present roadway situation is such that in the event of war many of these strategic needs would be denied to our forces. I believe that there should be not only defence highways into the north, useful in time of war and in particular to provide a means of securing these necessary muniments of war such as uranium and oil, but additional to the trans-Canada highway a defence highway in the north is necessary through the Yellowhead pass. This suggestion is supported by the people of northern Saskatchewan and Alberta, and also by those living in the southernmost parts of these two provinces. The Edmonton *Journal* of April 29 set forth the situation regarding the Yellowhead highway in these words:

> This much at least must be said for defence minister Brooke Claxton's attitude to the Yellowhead highway project, as displayed on his visit here this week; he does not beat about the bush. Questioned about the possibility of building the road as a defence measure, he stated that it would serve no useful military purpose. An attack on Canada in a future war, he predicted, would be by air, and highways would not be involved in the defence.

If one goes back to 1946 and 1947 and reads some of the speeches made by the ministers of this government at that time, one finds that the possibility of attack by air, now accepted as a possibility, was ridiculed and the need for the establishment of radar stations in northern Canada to effectively meet that danger potentiality was frowned upon.

Then, the editorial says this:

> This will strike most westerners as a rash and hasty judgment. Under modern conditions, an enemy may well choose to attack Canada, and especially its northwestern regions, by air. But the repulse of such an attack may depend in large measure on speedy and reliable ground transportation, for instance in the case of bad flying weather. Moreover it would seem sound defence policy not to have all our eggs in airborne baskets.

Then, again, the Calgary *Albertan* dealt with the situation in an editorial of May 6 in these words:

> When defence minister Claxton was in Edmonton a few days ago, he said that a first-class highway through the Yellowhead pass, affording direct connection between Vancouver and Edmonton, would serve no useful military purpose. He said that if Canada was attacked it would be by air, and "highways would not be involved in the defence."
>
> The Edmonton *Journal*, tireless advocate of the Yellowhead route, took Mr. Claxton to task for that statement, and with justification.

The Calgary newspaper gives its support to this highway and to northern highways in general as part of our defence project. Speaking as a member from the province of Saskatchewan I say that today our situation is such, with the location of uranium and the potentialities of Beaverlodge in northern Saskatchewan, that all that vast area might well be lost to our defence effort unless something in the nature of a defence highway is provided. Indeed, a military man and scientist, Dr. Mawdsley of the University of

Saskatchewan, has said that our uranium development might well be lost by the invasion of a few paratroopers. I ask the minister to reconsider his oft-repeated statement that these highways are unnecessary and to secure full information in this connection, from those who have some knowledge of conditions in northern Canada. I believe that from them he will secure a picture as to the need for these highways, which apparently were needed during the war or otherwise the Alaska highway would not have been rushed to completion as it was.

Then I come to one other matter in connection with NATO. One cannot separate the defence sections in NATO from those dealing with economic development. I am one of those who fear that you cannot hold an organization like NATO together by the simple expedient of continuing fear. In order to mobilize the peoples in the free nations there must be something in the nature of economic advantages to the peoples of those various nations. This was envisaged in article 2, which is the essence of the North Atlantic Treaty Organization. Article 2 says:

They—

That is the nations comprising NATO.

—will seek to eliminate conflict in their international economic policies, and will encourage economic collaboration between any or all of them.

That section to date is a dead letter, excepting in so far as co-operation is taking place in any of the nations in Europe under the organization for European economic co-operation. Again I suggest that material defences are necessary, but that to hold this organization together the only means whereby freedom can be preserved is to have due regard for the economic features of this treaty.

These are but a few matters that have occurred to me, that I felt I could bring to the attention of the committee on this occasion. We will not preserve our freedom, we will not preserve our security, simply by vast statistics of expenditures without there being for those expenditures the best possible use made of the money expended. There will not be a building up of unity within NATO unless there is economic co-operation as yet non-existent. There will not be available to NATO the vast resources of northern Canada unless and until the Department of National Defence realizes that highways north and south into those areas, which otherwise will not have such highways, are made available. In the event of war or attack through the north polar areas, or over the ice cap, we must be in a position to make available to our armed forces and to those of the other nations in NATO the vast resources of northern Canada.

[Mr. Diefenbaker.]

Mr. Leboe: Mr. Chairman, I shall not take much of the time of the committee but I would like to refer briefly to what was said by the hon. member for Wetaskiwin, and also just now by the hon. member for Prince Albert. In emphasizing the need for highways as a means of defence I would not have risen at this time had it not been for the fact that I think it is vitally important that great emphasis be placed upon defence highways in Canada. I believe those highways are absolutely necessary for the protection of our people, and as vitally needed as any other form of protection. I think of the Vancouver area and of the one bridge leading out of that city. I think of the many thousands of people who, as it were, would be cooped up without any way of getting out of the city because of a lack of highways and bridges.

It is time our government took a realistic view of what is needed by way of highways. It is time the government took another look, because in travelling across this country I have found that many people are becoming greatly concerned about the civil defence situation. Co-operation between the Department of National Defence and the civil defence authorities is an absolute must. Furthermore, certain civilian highways now in existence are inadequate.

Any expenditures made by the Department of National Defence in the building of highways would bring about something of a permanent nature which, in time to come, would be of real value to the people of Canada, and certainly would not, as occurs in so many cases, be lost to the civilian cause.

National highways for purposes of defence are fast becoming a national issue because the people are alarmed. It is only reasonable to expect that they would become alarmed—although perhaps the minister would not agree when I say they are. However I do travel around in various parts of the country and find that this subject is continually on their tongues and in their conversation. They point out that nothing is being done in the building of highways for purposes of defence.

Looking at the minister's speech as it is reported in *Hansard,* and particularly at the figures he placed on record, I note that more than $850 million has been spent for industrial equipment. Surely, looking at the over-all picture, in the light of that great expenditure for industrial equipment there must be some place in the plan of things whereby we can reach a balance and have some moneys allocated to the building of defence highways. I make this reference, Mr. Chairman, only for purposes of emphasis, and because I think it is very important.

Mr. Pallett: Mr. Chairman, it is with a certain amount of timidity I rise to speak on a subject involving an expenditure of $1,902,823,500. Before coming to the House of Commons I thought that was a lot of money; but if I am to judge by the lack of concern of hon. members as indicated by the slim attendance in the house today perhaps the time will come when I will not consider this a large sum of money.

The fact is however that the amount I have indicated does constitute two-fifths of the budget for this country. I have been advised that if I inquire too closely as to how the money is spent I will be advised, in reply to certain questions, that it is not in the national interest to disclose the way those moneys are spent. It is for this reason I rise to point out to the committee that for any government of Canada, representing the percentage of population of the western democracies it does represent, as indicated by the vote of the electors, to suggest it has any secrets, the divulgence of which would have an adverse effect upon the forces of the western democracies is very close to ridiculous.

May I say with vigour that I am in wholehearted accord with every suggestion made in the house that a committee should be formed, or some other steps taken, to allow individual members to familiarize themselves with what is received in kind for the dollars and cents actually spent. We must not be content with merely a statement by a minister who expresses an opinion on information received, or something of that nature. As a member of the house I do not even know the source of the information on which his opinion is based.

With respect to this Gargantua in our midst, this defence spending, let me say I do not believe there is a taxpayer in Canada who is not prepared to spend his or her fair share for purposes of defence. I make that statement without qualification. But there is also an onus on the Department of National Defence to see that money is not spent needlessly, or that it is not taken unnecessarily from the taxpayers.

I suggest there are certain assets standing in the name of the Department of National Defence which are not serving the defensive system in our country. At one time they did serve the defence of the country and served it well. At the present time they do not. I refer to the fixed assets. One in particular to which I refer is the Long Branch rifle range. This property is situated in the township of Toronto, in the county of Peel. At one time perhaps it was used extensively as a rifle range and may have had some particular purpose. I am quite familiar with the area. It comprises several hundred acres of land and is a sort of luxury gift to be used by certain non-permanent units a very few days in the year. It could now be used by the taxpayers of the municipality of the township of Toronto to bring in large industrial assessments which in turn would lighten the tax load of the taxpayers. Representations have been made over the years to the Department of National Defence to release these lands, and as of the date of my making this speech no action has been taken by the Department of National Defence to release those lands. I suggest to the minister that in all fairness to the taxpayers of the area this is an example of the Department of National Defence holding an expensive asset for no particular purpose.

The argument has been advanced that it is really for a rifle range. When one compares the distance from Toronto of the area when it was first created in relation to the method of transportation then in existence I suggest to you, Mr. Chairman, that Camp Borden is as close to Toronto today to fill all the purposes for which this rifle range might be used, and that the land should be released.

As to other matters affecting the Department of National Defence, I suggest to you, Mr. Chairman, that the minister might well concern himself with his program of advertising pensions. The average person who enlists in the navy, army or air force is probably concerned with the fact that a pension is offered. The minister may say that pensions are not his particular responsibility. Since they deal with the people whom he is hiring I suggest to him that they are in his department, and when I refer to him the treatment which his people and the widows of his people are receiving, he will observe the unfairness of the situation where no pension is received when death or accident is not due to service, although actually the individual is in service. The pension that is given, or rather not given, is, I suggest to the minister, creating a very definite hardship.

I refer particularly to a very recent example of Flying Officer Joseph Goldthorpe, who enlisted in 1940 and served with distinction in the Royal Canadian Air Force for five years. After the war he endeavoured to re-enlist in the air force, but I understand he was advised that he would have to reduce his rank. He enlisted in the Royal Air Force and was offered a permanent commission. Through good fortune, the Royal Canadian Air Force was able to secure him. He came back and re-enlisted in the Royal Canadian Air Force. I say to the minister that this flying officer, with distinguished service, died

one day at noon in the officers' mess. He was buried with full air force honours in North Bay, and his widow received the magnificent contribution *in gratia* of $100. I suggest to the minister that he might well consider the pension plan set forth in the advertisements and dispose of the pension suggestion in the advertisements because they are not all one might gather from reading them and people are being misled.

While we are dealing with advertisements I would refer the minister to an advertisement which appeared in this morning's *Globe and Mail* of Toronto, which I understand is fairly widely read in that area. It contains an advertisement of guardsmen marching, and the following:

> Applications now being accepted for the new Regiment of Canadian Guards.

I have great pride in the name "guard". I had the honour of serving in a guards regiment during the war myself. I suggest to the minister that the advertisement is misleading in that it is an advertisement of guards and in the small print says:

> Canadian guards qualifications may be obtained from any recruiting officer.

I suggest to the minister that perhaps he has not complete knowledge of the advertisement. It is to get people into the recruiting office under false pretences. They publish a nice advertisement and then they refer to the special qualifications of the guards in the righthand corner. I would ask the minister to deal with it later on in his remarks and tell us whether it is the intention of the Department of National Defence to discontinue the great tradition which put the Royal Canadian Horse Artillery on the right of the line and then the armoured corps next, and so on down the units; or is the suggestion in this advertisement that the guards will be second to none on the parade ground misleading, because as I understand the expression "second to none on the parade ground" means that you are on the right of the line. Is it the suggestion of the Department of National Defence that this Regiment of Canadian Guards shall be on the right of the line, or shall the Royal Canadian Horse Artillery and the armoured corps continue to occupy this position? It is a fair question to ask because it is causing quite a bit of concern to many people who are affiliated with those regiments.

In connection with the billeting of married men in married quarters in places such as ordnance depots and the like, I am advised that pressure is being brought to bear by Central Mortgage and Housing Corporation with respect to financing builders of rental units that they must allocate certain units to service personnel, or that before they will finance certain individual houses they require the builders to build certain apartment houses. In certain municipalities this will cause great hardship. I would ask the minister to advise us whether any steps are being taken to give special grants to those municipalities who have to provide services and the like to those additional apartment houses and dwellings right within the municipalities.

The minister in his speech yesterday at page 4909 of *Hansard* said:

> In the United States last year, one-third of the entire strength of the United States armed forces were separated from the forces last year. In Canada the equivalent figure was about one-seventh. We want to maintain our rates of re-engagement; we want to increase it if we can, but to say that it is a grave problem is a gross exaggeration.

In fairness the minister should have continued to say that the bulk of the service personnel in the United States armed forces are draftees, and that the one-third who are leaving the army are merely leaving it at the expiration of the draft period. I would ask the minister if a better comparison would not be to give the numbers leaving the United States army who are volunteers, as compared with the figure in the Canadian army, which is a completely volunteer army. I think that would be a more realistic comparison than to say one-third in the United States and one-seventh in Canada. I would suggest to the minister further that perhaps the fact that only one-seventh are leaving the service in Canada indicates the general economic condition within the country. They are in the army and they do not wish to leave to take a chance on an uncertain employment field in industry at the present time.

I should now like to deal briefly with the problem of civil defence. It is a problem that the minister mentioned. At the outset I would say that the minister should either tell us that there is a threat or there is not, because civil defence in this country seems to be something patterned on the "after you, Alphonse" system. People are trying to throw the responsibility on others. I think that initiative and leadership must be shown. The Department of National Defence means exactly what it says, and I suggest to the minister that civil defence is a matter worthy of his very serious consideration. As he said himself yesterday, it does little to train troops for overseas if civil defence is not properly taken care of.

In that regard I would suggest to the minister that he should make a very careful reconsideration of what I suspect is his

attitude toward the reserve army in Canada. During the last war—and before that, of course, though I will confine my remarks to the present time—the reserve army units were very highly commended. In fact they actually produced a general, and I refer to the general commanding the fifth division in which I served. He was from the reserve army. The reserve army units responded tremendously upon the outbreak of the Korean war. They were given certain allocations and they filled every one of them.

I would suggest to the minister that he attend some evening parades of the reserve army and he will find that with very few exceptions—and I say with pride that one of these exceptions is the Lorne Scots regiment which is the regiment from my own county—the officers on parade outnumber the N.C.O.'s and enlisted men. If the minister wishes to accept that suggestion then perhaps it would be better if he gave no notice of his intention but just dropped in to say "Hello".

I would suggest to the minister that the background for civil defence in Canada is the reserve army. They will be required for military duties, policing, and other duties following air raids and they will be the only force immediately available for such tasks. In view of that I would suggest that the minister should take that fact into consideration in his estimates, and make an honest effort to rejuvenate the reserve army.

Many hon. members have referred to the large amounts of money involved in national defence and in this connection I would like the minister to tell me if my understanding of what he said yesterday is correct. I refer him to his remarks as reported at page 4909 of *Hansard* where he said:

> In the three-year period we have not done everything we set out to do. No country has or could do that, but we have done substantially what we set out to do, and one of the extraordinary things is that the amount expended is so close to the amount originally planned. The amount originally planned was, as announced on February 5, 1951, $5 billion. The expression was, "about a $5 billion program" and the actual cash disbursements over the three-year period has been $5,005,479,000. But we have not got all that we planned for that expenditure. We have not all the ships, the construction, and the other types of equipment for which we planned, but we have done much more than four-fifths of what was planned three years ago for the estimated figure.

Now, Mr. Chairman, I would like to draw particular attention to the minister's statement:

> But we have not got all that we planned for that expenditure.

In the final sentence I quoted originally the minister did not say nine-tenths or seventeen-twentieths. He said "more than four-fifths" so I take it that that is the closest figure. The minister's estimate for the entire program was $5 billion but I would suggest in the light of these figures that the minister has made a billion dollar error at the expense of the Canadian taxpayer. He has received only four-fifths of the estimated goods for the full $5 billion disbursement, a loss of $1 billion.

Mr. Drew: Mr. Chairman, it seems to me that the thing that must impress itself most on the mind of any hon. member who has been in this house, and certainly on anyone who has come into the galleries this afternoon, is the spirit of utter unreality in which the material survival of Canada is being discussed. At 3.40 this afternoon, at a time when we were discussing the expenditure of $2 billion in a single year and, far more important than that, the means by which we can defend our freedom, there were 11 Liberal members in the house and not a single cabinet minister.

Mr. Nicholson: There are not many Conservatives here now.

An hon. Member: How many were there on your side of the house?

Mr. Drew: Mr. Chairman, there have not been many on either side of the house and the reason is because of the soporific speech by the minister which left the impression that we are in a satisfactory state in the defence of this country after having spent more than $5 billion. We must measure that in terms of what we have in reality.

We have been told of the fighter squadrons in Europe. Those squadrons are well equipped, well trained and unquestionably equal to any that are ready for service in that area. We know of the standard of excellence of the members of the armed forces, the infantry, artillery and other branches of the service which have been in Korea and which are there now. We know of the high level of training in the permanent units.

Nevertheless, that is the only final product of the whole defence plan of Canada. It might well be that if we were drifting along in a period of easy assurance and there was no danger of war we could look with some measure of satisfaction, with some measure of complacency at the actual situation in which the reserve forces of this country now find themselves. Every hon. member in this house who has followed the debates, and most certainly every hon. member who has served in one of the armed forces, knows that the reserve units are the backbone of Canadian defence. No one will question that,

least of all the Minister of National Defence. Therefore, as we examine our position, as we come close to four years since the outbreak of a very real and very deadly war in Korea, let us see with just what measure of reality we have brought our reserve units up to a position in which they could occupy the field if that dreadful necessity arose.

Either in a direct capacity or some other capacity I have been associated with the reserve forces of Canada since 1910. That is a long time. I say without any hesitation that in spite of the improvement of equipment and things of that kind the reserve units of this country are less able to go into the field today in the event of an emergency than they have been at any time within that 40 years.

Just a moment ago the hon. member for Peel in his speech, and an excellent speech it was, placed before the house the dreadful warning that is to be found in the unchallengeable fact that in many parts of this country, where units with long historic pasts gather to train, there are more officers on parade than other ranks. That illustrates a condition which is behind the statement I have just made with regard to the readiness of reserve units to be mobilized and to be employed.

Let us go back to the days of the first world war. For some that is almost getting back to the Crimea. Nevertheless for some of us those days are still very fresh and real. Just prior to that war the reserve units went into camp at close to full strength, whether they were infantry, artillery, cavalry or other branches of the service. That year I saw infantry units that were well up to the full authorized establishment for camp. That year I saw artillery units some of whose men had to be paid from the pockets of the officers because they had more than were authorized. That is something that happened on other occasions.

Those units were horse units; they were artillery units. They moved their own guns and they moved complete complements of guns. They took them to camp and they carried out their manoeuvres in camp. Infantry units carried out training of a nature that is only possible where you have a complete unit in form. So it was with the cavalry and with other branches of the service at that time. War broke upon the world with a suddenness far more unexpected than in 1939 when, on August 4, 1914 we were confronted with something utterly unexpected at that time by people who had basked in the sunshine of peace for so long. Nevertheless, although that situation arose unexpectedly, less than eight weeks after the sudden outbreak of war the first Canadian division sailed for Britain ready to take their part. I grant you that there were long months of training before they went into the field, but it was not so many months later that those men, who had left Canada less than two months after that sudden outbreak of war, were taking their place against the most highly trained troops the world had known up to that time.

Another war came. There was not the comparative readiness then, although the equipment had advanced so much. Not by any manner of means were the units as ready as they were in 1914, in comparison to their needs. Nevertheless most batteries of artillery, infantry units, cavalry units and other units of the reserve forces had equipment that could be used for training immediately.

Now let us see where we are at after having spent some $5½ billion. Let us see where we are at almost four years after the outbreak of another real war, namely that in Korea. Let us see exactly with what reality the reserve forces have been prepared to be the backbone of our defence. Mr. Chairman, the situation is rather similar in many cases; but let me deal with one branch of the service. What is substantially true there is substantially true in a great many other cases.

Last year at Petawawa—the great artillery camp not so far from here—one of the groups of artillery, that had one of the best firing records last year, consisted of two medium regiments of artillery and five field regiments. That group, which was rated fairly highly, was probably at best at about one-quarter of the strength that was actually authorized. When it comes to the firing that was done—and that was after more than three years had elapsed since the outbreak of war in Korea—may I say that the five field regiments of that particular group that were in camp at the same time at Petawawa last year fired 24 guns instead of the 120 guns authorized for the number of batteries that would be included in that group. This year at best, those five regiments amongst the better regiments in this country at the present time will perhaps fire 28 guns instead of the 120 guns which would be the number of guns fired by five regiments according to their ordinary strength. Last year the total number of guns fired by five regiments was exactly the number of guns alloted to a single regiment up to strength.

Then when it comes to these units going to camp this year, only one of those regiments will have two batteries, although regimental strength is three. The rest will have only one battery and in most cases only a single troop of guns. That, Mr. Chairman, is the

state of readiness of one of the better groups of artillery of the reserve force at this time.

Last night, in one of the most accurate and comprehensive descriptions I have heard of the position of the armoured forces, and given to this committee by a gallant officer of the armoured corps, we were told of the ineffectiveness of the armoured training at this time. We know that the same thing is true with regard to the most historic infantry units. This is the situation in which we now find ourselves after the expenditure of this enormous sum of money. We are therefore confronted with the fact that it is not dollars that count, Mr. Chairman, it is what we have obtained for them. The time has now come for everyone to ask, in more detail than has been given, what has happened to that money and why it is that we have not obtained better results for what we have spent.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Drew: Mr. Chairman, the subject that we have been discussing is one that transcends all others in importance both as far as the money and the result of the expenditure of that money are concerned. In a large measure members of this house must be called upon to bear responsibility for what is or is not accomplished as the result of that expenditure. In some substantial measure we are in the same position as a board of directors representing shareholders who are the people of Canada. As a board of directors it is our duty to consider the way in which management has been doing its job. In this case management is the government itself, and I think that parallel can be extended to the point that we should ask ourselves how likely it would be that any board of directors of any large company would accept the responsibility of making decisions if they were given the kind of information that the government in this case gives us.

Of course we are dealing with something far more important, far larger in its significance and more far-reaching in its ultimate consequences than any board of directors can ever be called upon to deal with. I mention that particularly because the management in this case have sought the advice of certain experts regarding the organization and effectiveness of the reserve forces. Three very competent officers of long experience were called upon to examine the situation and to make their recommendations. It would be extremely helpful if we, who represent the responsibility of a board of directors, had before us the findings of that group of experts. Possibly there might be some explanations found in that report for some of the things that are otherwise unexplainable. Possibly we might have information as to recommendations that have been made which would in themselves deal in a large measure with the subjects that we are discussing here in the house.

We do not know. We have not seen the report. I submit, Mr. Chairman, there can be no reason of any kind for that report not being before the house. In the past other reports of a similar nature were available; other reports of a similar nature were made public. All those who have followed the development of the reserve or militia training, as it was called in earlier days, will remember the famous Otter report. That was made public. It was discussed publicly and it was acted upon with full knowledge of the recommendations that were made.

The next substantial reorganization of our reserve or militia forces that took place occurred some years before the last war. That was the result of discussions which took place openly in the early 1930's. Decisions were reached by officers of the non-permanent forces. The recommendations which they made were substantially accepted. A plan of reorganization was approved by the council of defence associations at a time when the relationship of the non-permanent forces to the general staff and to the Department of National Defence was somewhat different from what it is today. At that time the reorganization that was carried out, and which made it possible to mobilize with reasonable effectiveness in 1939, was very largely the result of the recommendations of the non-permanent officers whose experience was employed for that purpose.

Now a new examination of this subject has been made. There is not one word in that report that should be kept from the house. There is not a word of that report that relates to anything that would give aid and comfort to any enemy. It would give much aid and comfort to the people of Canada if they knew what these highly competent officers had recommended, and it would assist the board of directors representing the shareholders if we had that recommendation before us so that our discussion could be directed to the same kind of information that is in the possession of the minister and his officials as well as the general staff.

It is largely because of the withholding of reports and information of this kind and the withholding of basic facts which are essential to the satisfactory discussion of this

subject that we find ourselves today in this atmosphere of unreality. When I spoke this afternoon of the small numbers on both sides of the house attending the debate I was not forgetful of the fact that important committees are sitting and that many hon. members were attending committee meetings. The very fact that I am called upon to mention that emphasizes one of the reasons why the discussion of these important subjects in the house is so unsatisfactory. Important committees are delayed until the very last minute. We only started a few days ago to deal with veterans affairs although we have been sitting since last November. Even now there is still extremely important legislation to come forward. Members are called upon to attend these committee meetings and generally the whole atmosphere is such that for those members who are concerned about this subject there is great difficulty in finding the time to attend the discussions which should take place and which should be listened to here in the house.

It was not because of any lack of interest, Mr. Chairman, or positive suggestion in the speeches that were made that there was any atmosphere of unreality. The member for Esquimalt-Saanich yesterday made one of the best speeches on national defence that has been made in this house, since I came here, at any rate. The hon. member who made that speech is the best qualified officer in Canada to make a speech of that kind. He is a man who has been through every rank in the army from private to major general, from carrying a rifle in the rear ranks to the command of a division, and after that to the Pacific coast command during the last war.

Mr. MacDougall: Speak up so the general can hear you.

Mr. Drew: The comment that is made, of course, would display something of which the hon. member who interrupted would not be aware, that is that he may have some modesty. The hon. member for Esquimalt-Saanich has had an experience which qualifies him to make a statement in this house about national defence in a way that is not equalled by any member on either side of the house. When he speaks of training for battle, and the needs of battle, he speaks as an officer with unequalled experience in battle. Other officers have made similar contributions, officers who are now members of this house.

Nor have these speeches been confined to those in the officer rank, by any manner of means. We have heard speeches from those who served in other ranks, and in doing so gained that type of experience that is of great value here. We have had several speeches of the utmost value. Anyone who reads *Hansard* will find the value of those recommendations and yet, under those circumstances, we find that there is little exchange of ideas. In this grim and ominous period, when new weapons of destruction are arising everywhere, the vital importance of the subject we are discussing apparently is such that ministers of the crown who are not otherwise engaged find it unimportant to hear suggestions as to how we could best use the immense sums we are spending for this purpose.

One of the problems facing the reserve forces, which are the backbone of our defence, is the problem of recruitment. Every hon. member in this house has a right to know what the three officers who made that inquiry have to say about the problem of recruitment. Surely, there can be no secrecy about that. Surely, there can be no reason to withhold from the representatives of the people the report that has been made, and the information that is available.

If anyone on the other side of the house, whether it be the Minister of National Defence, any other minister or any member supporting the government, has any critical comment to make on the generality of any remarks, then let them go to the root of the problem and that is the fact that the information we should have is being withheld from us. This report should have been before us before this debate started. The debate is not going to finish this evening. I urge the minister to say tonight that he will make available to us before we resume on Monday the report made by the three very distinguished officers who inquired into this whole problem. We would then meet on Monday with knowledge of the recommendations that are before the government. We would know to what extent they are fulfilling the recommendations, and to what extent they are not. We have a right to know whether they are, and not just to have a general statement that the report is being acted upon.

One of the subjects related to recruitment that has been discussed over and over again, and with which I would imagine the report deals in some way, is the question of advertising. Millions of dollars are spent on advertising. Much of it approaches this whole problem from the wrong direction. Young men are asked to join the navy so that they can have a pleasant trip and see the world. Young men are asked to join the army for security and to learn a job.

Young men are asked to join the air force because of the qualifications it will give and the interest in the training. At this time in the world's history, Mr. Chairman, the challenge should be to the spirit of service, and to the fact that the highest service can be given to this country in the temporal field in time of danger such as this is in one of the armed services. It is in that spirit that we will receive the kind of recruits and the number of recruits, who will have the spirit, in the reserve forces that is so greatly needed at this time.

Those who are there have shown a very good spirit and have trained well, but the numbers are far short of the requirements and the numbers on parade are fantastically short of the paper figures presented to us by the Minister of National Defence. There is not a single officer of the reserve in this House of Commons tonight who does not know that the attendance on parade of any reserve unit, whether it be naval, land or air, is far short of the paper strength of the unit. The Minister of National Defence has heard recommendations over and over again with regard to this question of advertising. The units meeting in their annual gatherings have urged that instead of blanket national advertising funds should be provided for local advertising which will appeal to those who have a local interest in those units.

Those who have been working on this subject for years greatly question the real value of much of the general advertising, as compared with the value that would be attached to local advertising which would appeal to the interest and the local loyalty of any unit with an established local tradition. Since the report is not before us we have no knowledge of what the full statement is in that respect, no matter what summary of it may be presented. Here is an example of the kind of practical approach to which reference was made by the hon. member for Peel in his maiden speech in the house this afternoon. I suggest that this is merely one example of the kind of practical detail which should be recognized in dealing with this subject.

Mr. Chairman, this party which after all has had its share of responsibilities over the years in this same field, and bore those responsibilities, is anxious to support and anxious to encourage in every way it can the training, recruitment and efficiency of our reserve forces, as well as the permanent forces, which are in many cases the ultimate service growing from that reserve service. We have given evidence on many occasions of our desire to co-operate in the field of national defence as well as in the sister problem of external affairs. Those two departments march hand in hand. We will come closer to what has, for the want of a better term, been described as a bipartisan policy to the extent that we are taken into the confidence of the minister and taken into the confidence of the government.

Co-operation, support and encouragement can only be based upon knowledge of the things that are guiding the government in its decisions. The government will at no time find us wanting either in assistance or support of these vitally important questions if we are fully informed, and are convinced that the information before the government, and the recommendations, are really being acted upon. Let the minister take us into his confidence. Let him tell us why it is that almost four years after the outbreak of a new war in Korea and after the expenditure of almost five billions of dollars—a fantastic and colossal figure—we still find our reserve units wholly incapable of being mobilized for service, if that dreadful necessity arose.

And in mentioning the possibility of that necessity let no one suggest that I am anticipating the possibility of another general war. The possibility of another general war will be remote to the very extent that we in Canada as well as people in the United States, in Great Britain, in France and the other free nations really face this problem in its realities, and insist that the dollars, pounds, francs, and lira, or any other money spent, really produce results in national defence.

We cannot measure our defence in terms of dollars spent. We cannot measure our defence except in terms of actual defence available immediately on call. In 1914, sudden though the outbreak of war was at that time, there was a substantial time lag. Armies moved slowly in those days. Then, in 1939, we were in a new period of warfare when the great armoured forces of Guderian slashed down through France to Sedan.

Today we are in a new stage of warfare where vast armoured forces and aircraft have given way to guided missiles, to fast jet bombers, and to fantastic devices of destruction. And that speed of destruction will also have increased to such an extent that there may be no third chance. Twice we have come within an ace of the loss of our freedom. In 1914 we were very close to defeat. In 1940 and 1941 freedom was very close to being snuffed out again. There may be no third chance unless we learn the lessons of the past, and unless those who have been chosen by the people to represent them demand all the information they have a right to have in reaching decisions upon this vitally important subject.

I speak of this with all the earnestness of one of that earlier generation who has seen the consequences in two world wars of waiting until war came to meet the test that was to be imposed. Whatever any of us may have thought about the course of events at that time, let no one ignore the evidence that emerged after—that war might well have been avoided if the free nations had been prepared. That was in evidence at Nuremberg. That was the evidence such as was available after the first world war.

With those lessons we who sit in this House of Commons, the house of the people, who speak for the people, who act for the people and have the responsibilities of the people, should insist that we have all essential information before us which would guide us in our decisions, just as we will assume that information would guide the decisions of the government.

Now we have come to a stage in this session when we meet with the suggestion that any suggestion of a reference to a committee of any of these problems might well be regarded as an impractical one. It is not so many days ago when it was argued from the other side of the house that it was not now practical to conduct an inquiry of that kind. I will remind hon. members of this house however that great results did follow the tabling of the Currie report last year. Do not let any hon. member of this House of Commons forget that report, or forget the very substantial improvement that followed the recommendations that were made in respect of one very small segment of one part of one branch of the service.

We face these greater dangers now as represented in terms of the hydrogen bomb as well as the atom bomb. And as we realize that efficiency in the spending of our money may well be the test of survival, and the ability of our armed forces to prevent aggression may well depend upon the quality of our defences, then I do repeat the request made on an earlier occasion, that the government follow the same course that it followed in the case of the Currie inquiry and appoint a similar group of experts to conduct an inquiry into every branch of the armed forces of Canada.

The report I have been speaking about made by three officers—three highly respected and highly experienced officers—related only to the problem of the reserves. With the example of what happened in that one case, let us have an inquiry into the whole field of national defence. Then let us all meet and discuss the findings of that report and see what can be done to increase the effectiveness of our defence organization. Short of that, no matter how much we may respect the earnestness of the minister in relation to his responsibilities, we have to take his statements at their face value. His statements at their face value give us very little real information, give us very little of practical value in relation to the problem we are called upon to judge at this time. Let us remember that it is the private members on both sides of the house whose responsibility is represented in the request for some $2 billion for national defence in the current fiscal year.

Let the minister tell us what has gone wrong instead of telling us that everything is the best in the world, or imitating the very famous literary expression, that all is for the best in the best of all possible worlds. Let him tell us why there has been this inability to get the reserve forces up to a level where they could be mobilized in the event of hostilities. Let him tell us why it is that the equipment is not adequate. Let him answer the question that has been raised in regard to the armoured forces, in regard to the infantry, in regard to the other units which are short of equipment at this time. We will be ready to listen to that; we are not ready to be told that all is well when we know all is not well.

No matter what might have been possible two weeks ago, Mr. Chairman, the loss of Dien Bien Phu ushered in a new period of military appreciation. Whatever may have been valid before that is not valid today unless it is examined in the light of that experience. Brave, well equipped, well trained units were overrun in a fortress that had been prepared with great care. I have no doubt every hon. member heard the description of the bombardment which preceded the final overrunning of that fortress. Those who were there in that earlier experience said that there had not been any barrage like it since the drumfire of Verdun.

That is the kind of thing that has emerged in this distant jungle and in these plains in distant points throughout the world, where Russian guns in the hands of Chinese troops moved from Korea after the armistice now mass their strength against the scattered outposts of the western world. That is the reality we face, and we must face it in terms of cold reality. We must reassess our position. We must examine the kind of forces that are needed to meet that kind of situation. Do we believe for one moment that we are going to meet manpower with manpower on the plains of Europe, if the necessity should come to meet the teeming millions of Russia? I do not think that anyone does. We know perfectly well that under no circumstances

can the western world mass forces in the distant jungles and plains of Asia on equal terms.

These call for a new assessment; these call for a new type of organization; certainly, at least they call for the examination of that possibility. Those who remember what happened in Burma during the last war will recall the successful unconventional forces that were organized to fight a different type of enemy through the jungle with great success. Is that the kind of force we need? Instead of heavily equipped paratroops, do we perhaps need some new type of very informal mobile force? We do not know unless the discussion is opened up, with all the information available to us that is available to the government. Certainly the only thing that will give comfort to the enemy is our failure to examine these things in terms of stern reality.

We have another problem before us in Canada. We are the third largest country in the world with fifteen million people. What kind of armed force do we need that will be most effective both in this large area and for overseas service? We have a navy, a well trained navy; we have highly trained and well equipped air units in the permanent units of the R.C.A.F.; we have excellent infantry units in the permanent branch of the service. I repeat, our reserve units are keen and anxious to do their job, but are severely limited both by numbers, by equipment and by the opportunities for training under those circumstances. What do we need? I merely put this forward as a suggestion, but it is one of the things that would be put forward if we were really able to have the recommendation before us that have been made and other recommendations as well.

Is it not possible that we should concentrate entirely on air units of different kinds, except for fairly limited naval and other units? Is it not possible that we should have all our artillery, all our armoured forces, all our reconnaissance forces, all the engineers and all the other forces—we are not including the medical forces—airborne ready to be moved by air transport to any distant point? Certainly that would be the thing that would be most effective to meet a possible threat to this country, and it certainly would be the thing that would be most effective to make our strength felt at distant points throughout the world. I do not put this forward as any dogmatic suggestion; I merely say it is one of the kind of things that should be considered as an alternative to the continuous training of units that are essential segments of the old type of continental force.

We are still training with the same mentality we had when we believed that our units were going to be parts of divisions and army formations in Europe or in some other great mainland, but particularly Europe. Let us with all the ingenuity we have—and we are an ingenious people—devise the kind of force that will be best for Canada and at the same time serve our purpose within the framework of NATO and of the other organizations. Probably there are hon. members who have read the most interesting and illuminating book of all time—I hope they have all read it—under the title "The Reason Why" based upon that classic poem:

> Theirs not to reason why,
> Theirs but to do and die.

Well, anybody who is prepared to accept the proposition that it is not for hon. members to reason why, but just to accept the statement of the government, and particularly the Department of National Defence, should read "The Reason Why" and find the reason why we should accept nothing but full information in regard to every aspect of defence here in this country.

The minister spoke of civil defence. It is appropriate that he should speak about civil defence because that is the department under which it should be. Since he spoke on that let us see what he says, as reported at page 4906 of *Hansard*:

> There has been some tendency by some people here and elsewhere to take the view that the destructive power of the H-bomb makes civil defence measures futile. Nothing could be further from the truth.

Then, a few sentences later he said:

> Our plans must continue to receive the closest examination in the light of all the circumstances, but the planning and oganization of civil defence measures must be pressed forward.

I refer to that because I make this recommendation to the Prime Minister tonight, as I have this opportunity to do in the committee. Civil defence can no longer be regarded as something remote from national defence generally. We had a statement about three weeks ago by the Minister of National Health and Welfare that this subject is now too serious to permit any argument as to whether this is a problem for the national government, the provincial governments or the municipalities. Certainly it is. The H-bomb, which may embrace in its destructive power several communities, has rendered meaningless this division of responsibility, and what the Minister of National Health and Welfare said should leave no doubt that the government should now transfer this subject to the Department of National Defence and bring the whole matter of civil defence under the government here in Ottawa.

The municipalities simply cannot accept the financial responsibility of preparing themselves for this effort. I agree completely, and agree with the utmost earnestness, with what the minister said that under no circumstances should we accept the proposition that these frightful weapons have now rendered civil defence measures futile.

Who knows where the outlying limits of the destructive area of a new bomb of that kind would be? It might only partly encroach upon any municipality, but the municipality which did not prepare for destruction of that kind would simply find people uncared for and no plans made for their removal, for their care, and for their medical treatment. The greater the area of destruction the greater the need for civil defence and the greater the need for a unified command, and for a centralized authority over something that is of national concern.

Arguing as I so frequently do the importance of the decentralization of authority in regard to local affairs, I believe implicitly that national defence is a strictly national affair and civil defence, as part of national defence, should be under the government here at Ottawa and financed by the dominion treasury.

The need for a recognition of what has been said by the Minister of National Defence is all too apparent, Mr. Chairman, and I hope that the government will take heed of what he has said and what has been said by the Minister of National Health and Welfare. This is a subject which cannot be left where it is. One day we were told there was an agreement on a broad scale with the provinces and next day we had a statement from the minister responsible in Ontario to the effect that there was no agreement at all.

I hope no one will say they are not particularly interested in civil defence in Ontario. After all, Ontario has close to a third of the population of Canada and it does so happen that the number of other provinces, which bring up the total to a majority of the population of Canada, have not entered into any agreement. Surely this cannot be a satisfactory situation in the face of this threat. Surely there can be no better way of meeting whatever was said by the Minister of National Defence, or the emphasis placed upon this subject by the Minister of Health and Welfare, than to change the pattern and bring this within the authority of this department, and to integrate these activities with other activities and other branches of the service where undoubtedly there could be a greater economy in the use of their forces, and undoubtedly the medical services of the army, navy and air force could be embraced in new plans for civil defence.

Then, Mr. Chairman, there is the question of the whole approach to the items that are going to come before us. Any hon. member who looks at the large figures embracing the entire military service will realize how impossible it is to go into these details.

Now, Mr. Chairman, I have been critical, and critical particularly of the complacent suggestion that has been made that all is well. All is not well; all is far from well. Ask any member of the conference of defence associations which met here in Ottawa during the past winter if all is well. They will tell you what the finding of that conference was. Ask any member who has attended the annual meetings of the artillery association, infantry association, the engineers' association, the signals association, or any other military association if all is well, and they will tell you it is not. They have been making vigorous and repeated recommendations.

Having said that, I say without any hesitation that the minister will find us anxious to co-operate and anxious to offer any encouragement we can. But after all why should that encouragement not be given, because most of these hon. members who have already spoken on this subject are men who have themselves had reason to know the importance of adequate equipment and adequate training on the field of battle.

The test of that co-operation, the test of our ability to unite behind a vigorous national effort which embraces an all-understood foreign policy and an all-understood defence policy would depend entirely upon the extent to which we are taken into the confidence of the government. Let the government appoint a committee of inquiry similar to the Currie committee to make an all-embracing report in regard to the army organization and to see how our dollars can best be used. Such a committee need not decide policy. But in so far as policy is concerned let us have the report of the three officers who inquired into the situation affecting the reserve forces; let us have any other recommendations in the possession of the government; and then this government will find us ready to go out along the highroads and byroads to any part of this country and be just as vigorous as any government would want anyone to be in the build-up of the defence of Canada with full knowledge of what the facts actually are.

Mr. Claxton: Mr. Chairman, the Leader of the Opposition began his very interesting remarks with a kind of roll call covering the

people in the house. I followed that with interest but I found that at about 5.50 there were 10 Conservatives and 34 Liberal members, and since the Leader of the Opposition was speaking at that time one might have thought there would be a proportionately larger attendance of Conservative members. The Leader of the Opposition referred to the apathy in the house, but I think hon. members know that the discussion on the estimates is very largely a matter during which the opposition has a field day. That is traditional in England, it is traditional here, and the opposition here have usually used it as they did today. During the two-day debate which has taken place so far they have had about nine and a half hours.

Mr. Ferguson: The rubber stamps would not be interested.

Some hon. Members: Order.

Mr. Ferguson: They are all rubber stamps and you know it. You cannot open your mouth.

Mr. Claxton: Mr. Chairman, it is very interesting to see the hon. member—

Mr. Ferguson: They are rubber stamps.

Mr. Claxton: Mr. Chairman, there is a rule in this house that one should address you. However, I must say it is very nice indeed to see the hon. member for Simcoe South here.

Mr. Ferguson: North.

Mr. Claxton: Yes, North. At one time during the course of the debate this afternoon, I think it was about 4.25, the time referred to by the Leader of the Opposition, I think there was just one single member of the opposition present, namely the hon. member for Esquimalt-Saanich.

Mr. Drew: The minister must have got that information from someone else because he was seldom here.

Mr. Claxton: No. The Leader of the Opposition said that I was seldom here. I was out of the chamber on three occasions for less than two minutes on each occasion in order to secure information so that I might make a reply which I am about to make. I had hoped that I might have made it before now.

Mr. Fulton: 4.25 was before the Leader of the Opposition started to speak.

Mr. Knowles: Big salvos from both sides.

Mr. Claxton: I do not think that a debate on national defence involving $2 billion and the future security of the country is particularly dignified by this kind of reference. But since it was made, I must say that it was quite interesting to see that when the Leader of the Opposition started to speak tonight three Conservatives were present—

Mr. Drew: I assume that what is now being said is very dignified.

An hon. Member: It is just as dignified as what the hon. member said.

Mr. Fulton: The hon. gentleman cannot count.

Mr. Claxton: Let us forget about it.

The Deputy Chairman: Order. I think the time has come when I should perhaps remind the committee that at the moment the Minister of National Defence has the floor. We have endeavoured to see that those who were speaking previously in this debate were not interrupted without their consent. We shall expect the same treatment for the Minister of National Defence.

Mr. Fulton: Let him be accurate, Mr. Chairman.

Mr. Claxton: I would not have referred to these rather minor things had they not been referred to by somebody else.

At the beginning of his speech the Leader of the Opposition referred, in terms which were eloquent and fair, to the work of the permanent forces. I have not a full note of what he said because time has not permitted me to get *Hansard*, but he said that our fighters in Europe were unquestionably equal to any, and that the state of the infantry was excellent. He referred to the high level of training of the permanent force. Then he made a most curious remark when he said "That only is the final product". What kind of product do you want except something that is unquestionably equal to any, is excellent, and has a high level of training? That being the objective of our defence effort, to have it recognized by the Leader of the Opposition—as it must be recognized because it is true—I must say will give great satisfaction to the officers and men who have done the job.

Then the Leader of the Opposition went on and dealt with the actual situation of the reserve forces and made a number of remarks that I shall not examine in detail at this time. But at the end he asked this question: Why is the reserve not up to strength? It has never been planned in the history of Canada that the reserve army should be up to strength. That is not its purpose. It has never had any such program. The fact is that at the present time the strength of the three reserve forces is about 57,000, a figure which is the highest it has ever been in a full year of peacetime.

Mr. Drew: That statement is not correct. The reserve units have often been up to the full authorized strength.

Some hon. Members: Oh, oh.

Mr. Claxton: Full authorized strength, as the Leader of the Opposition knows, is not war establishment at all.

Mr. Drew: Of course it is not. Nobody suggested it was.

Mr. Claxton: I should not like to have the impression left that it was. I am glad that the Leader of the Opposition has not left it that way.

Then as to accommodation, may I say that it has been doubled for the reserve forces. As to equipment, if they lack anything all they have to do is to tell the general officer commanding in the district and he provides it. We have ample equipment of every type needed to train the reserves. The reason why the reserves are not stronger numerically than they are today is plain to see. Whereas at the time when he was an active and good leader of an artillery unit before the war or between the wars, the strength of the active forces was about 8,000 or 9,000 officers and men; and I think one must assume that that figure plus the reserve force included a big proportion of the people in Canada who aimed to have a full-time or part-time service career.

At the present time the strength of the active force is 112,000 and in the active forces today there is a big proportion of the same kind of chap as the Leader of the Opposition and others like myself who, for a time, served in the reserve forces. The reason why they are not in the reserve force is that they are in the active force serving Canada full time. I can perhaps bring that point home by mentioning the fact that from March 31, 1951 to March 31, 1954,—that is just three years—we have taken into the regular permanent force of Canada a total of about 100,000 officers and men. Had we not done so they would have been available for the reserve. As a matter of fact, the reserve has contributed a considerable proportion of that group, just as they should and as they are glad to do. But they cannot help feeling that this fact cuts down their own effective numbers of the most active, keen and interested kind. That is one reason. There may be others.

To look into all of this matter we appointed this committee. As I indicated in my preliminary remarks at the beginning of this debate, when we come to the item dealing with the army reserve I propose to go into this matter at greater length or my colleague the Associate Minister of National Defence will do so then.

Mr. Drew: Mr. Chairman, by that statement do I understand that the minister is going to make the report available at that time?

Mr. Claxton: Oh, no. A report by a board of officials to the chief of the general staff, so far as I know, has never been made available. There is every reason for not making it available. Here there would be every reason for making it available except that it would create the kind of precedent that the Leader of the Opposition and others would make use of in the future. So far as I am concerned, that procedure is not proposed. We propose to make a full report of what is recommended and of what has been done, but the report itself will not be made available because such reports are not made available in this country or in Britain. A minister of national defence, any minister of the crown or any chief of the general staff is entitled to have the confidential advice of a group that he appoints to give him that advice. Unless they can give that advice in confidence, and unless he can take it and act on it or not as he sees fit, we cease to have responsible government.

I shall not go into any of the other matters mentioned by the Leader of the Opposition, Mr. Chairman, because they can be taken up later. I should like to compliment the hon. member for Peel on his maiden speech and to tell him that some of the questions he raised will be mentioned later. He as well as some other hon. members made reference to not having enough information with which to consider these estimates. I have said—without ever having been contradicted, I think—that in this parliament the members have been given, year after year, more information about defence than is given in any other parliament in the British commonwealth.

Mr. Fulton: The minister's saying so does not make it so.

Mr. Claxton: I think the extraordinary thing is that having been given information and not having found what they want—something of a scandalous nature that they could use—they then forget the fact that they have been given information and continue to protest that they have not been given any information. But we have given so much information in the defence expenditure committee meetings, with over forty sessions during three years,

that quite a few hon. members have protested that they are unable to absorb and assimilate the quantity of information they have got.

Another hon. member referred to the fact that he would like to see the product of our defence effort. The product can be seen in Korea, in Germany, in Canada. On every occasion when you see the defence forces you can see the product. That is the kind of thing we are producing, not paper, not words, but trained officers and men equipped and qualified to do the job, and second to none. You know, Mr. Chairman, one of the extraordinary things is that year by year we give opportunities to senators, members of parliament and others to see what is actually going on. We arrange for visits. This year there were visits to the air defence command at St. Hubert, Canadian Vickers Limited, No. 25 central ordnance depot, Canadair Limited, the naval supply depot and to the five major establishments at Kingston, namely, the national defence college, the army staff college, the Royal Military College, the Royal Canadian Electrical and Mechanical Engineers and the Royal Canadian Corps of Signals. Then there was the visit to Churchill, Manitoba.

A total of 129 members of parliament have taken part in a total of 240 visits during this session of parliament, and I have not had one of them report to me anything wrong about anything he saw.

Mr. Fulton: Did he see anything except what you showed him?

Mr. Claxton: I was not on most of the trips.

Mr. Fulton: Or what was showed him on your instructions?

Mr. Claxton: They could see anything they wanted. As the hon. member for Kamloops knows, that was dramatically shown on the occasion when the hon. member for Winnipeg North felt that he had not seen everything he should have seen at No. 25 ordnance depot. He went back. He is a chartered accountant, he saw everything he wanted to see and came back and reported to the committee on defence expenditure that he did not know of any way in which the system could be improved.

The hon. member for Peel asked me a rather detailed question about the guards, but I shall be very pleased to answer it quickly. The guards are on the right of the infantry but they do not change the infantry's place with relation to other formations. I will have something more to say about some of the points he raised.

I thought the hon. member for Prince Albert gave a magnificent and moving account of the progress made by NATO and I do express to him most sincere congratulations upon having made such good use of his time and having given us such a useful report. However, he did talk about strategic roads which seemed to me to have a slightly remote association with NATO. It seemed to bear rather on Prince Albert, The Battlefords and some of the other constituencies in Saskatchewan. With respect to what I said in Edmonton, I have nothing to take back. Roads and communications all help defence. Of course they do. But defence planning and defence appropriations are a question of making the best use you can of the money you have available. No defence minister, no chief of staff ever has enough money available to do all the things that are waiting to be done, and roads come toward the bottom of the list.

He also suggested that at some stage I had indicated that we would never be attacked by air, that I had ridiculed the idea of air attack against us. I have said a great deal in the house and outside about defence but I doubt if I ever made such a statement. In fact I can point to statements from 1946 onwards in the directly contrary sense, statements indicating that we had to build up our defences against air attack, and ever since 1946 the objectives of our defence have been about the same as they are today. Then he also charged me with not agreeing with the hon. member for Esquimalt-Saanich when he suggested that we should spend $3 on the air force for every dollar on the army. That was said on the 18th of November, 1949.

I have looked up the discussion and I remember it very well. The hon. member for Esquimalt-Saanich, or the hon. member for Nanaimo as he was better known to us, did say that, but I did not make the reply that the hon. member for Prince Albert said I made. What I said was, and my reply can be seen in the discussion at that time, was that at that time we could not do it because we were spending only $195 million on defence. Therefore if we had done what the hon. member for Esquimalt-Saanich wanted us to do we would have had to wipe out the navy and the army, and I was not prepared to do so that day.

But since then events have changed, and I hope a lot of us have changed our thinking because the change has been a very dramatic and considerable one. Since then the extent of our defence expenditures has increased tenfold, I regret to say, from under $200 million in 1948-49 to something of the magnitude of $2 billion in 1953-54 or 1954-55. A

very great part of the increase since the beginning of the build-up in 1950 after Korea has been due to our increased effort in the air. The hon. member for Esquimalt-Saanich can accept my full congratulations on having the right idea but not the right kind of money with which to afford it at the time. Since then developments have occurred as I have mentioned.

The hon. member for Prince Albert also said that he did not see how opposition members could appreciate the defence effort unless they were shown the actual production. Well, I say to hon. members: Go to No. 25 Canadian ordnance depot and see the tanks lined up in rows. Go to St. Hubert airport and see the Sabre fighters bound for overseas, more than a thousand delivered, on the way to the places where they are needed. Go to Avro and see the CF-100's and then move around the country, as I hope you all will, and see the radar stations with the latest in electronic equipment. Go and see it. I invite you, as I have repeatedly done in the past. There is nothing to prevent any member of parliament from going anywhere to see our defences. I encourage it. If you will only let the commanding officer of the district, air command or myself know, we will facilitate the arrangements either for groups or for individual members at any time. Let us make sure that you really do see what is going on.

Now, the hon. member for Kootenay West referred to a number of matters, including skates for Collège Militaire Royal de Saint-Jean. He expressed some concern about our spending $34 a pair for skates for the teams. Apparently he is in the same position as I am—he has not bought skates for his children for a long time. These skates were purchased through the Department of Defence Production for the use of the team, in the same way as every other college—Saint Jean's is a college—does. It seems, however, that we did not pay quite as much for them as some colleges do. I made inquiries during the dinner hour, and I found that an Ottawa school paid $40 to $45 a pair for skates. These are about the quality of skates that are used by junior teams. It is the practice now for our colleges to be provided with some funds with which to buy sporting equipment in the same way as other colleges and schools have that equipment supplied. Some of these funds for that purpose apparently were used for these skates, but they got a little cheaper type than a local school does here.

Then he referred to the case of Kurt Meyer, and suggested that all Canadians convicted by courts-martial during the war, and still undergoing sentence, should be released. There are no Canadians still serving sentences arising out of offences committed during the war. He then referred to the case of Private Cierpisz, which was referred to in the *Globe and Mail*. He should accept such statements, made in the course of the defence of that young man who was tried for his life, at something less perhaps than their full face value. This young man applied to join the armed forces. He gave a misstatement as to his age. He passed the aptitude test; he was taken in and he served. Then, he committed this offence for which he was sentenced to ten years. If any further details are required, I shall be glad to give them to the hon. gentleman outside the committee. I do not think it would be doing the case any particular good to go into it in great detail here.

Then, the hon. member for Calgary North said that I had been saying that our defences were grand, that our defences were adequate, everything was rosy, and that this had been my stock tactic throughout the years. I always asked the hon. member for Calgary North—I hope he will excuse it because we are very good friends—when I said those things; when I said them, where I said them, and what are the quotations,—

Mr. Harkness: And I always indicated them.

Mr. Claxton: —and he has never indicated them yet.

Mr. Harkness: I always indicated them; I indicated them this afternoon.

Mr. Claxton: He said we had no anti-aircraft defence. Here, I am inclined to agree with him up to a certain point. At the present time, as I have indicated before, we are in a stage of transition. We have in Canada the latest anti-aircraft guns that there are. They are very expensive and the equipment, the predictor, the director, the tracking equipment and the firing equipment are very expensive. When you confront these guns with low flying high-speed jets or very high altitude jets, then their efficiency is much less than 100 per cent, let us say. We have been deliberately, as a deliberate calculated risk, not buying more of these guns and more of this equipment, but have that quantity which we think essential pending the arrival of ground-to-air rockets or guided missiles.

In that connection, of course, we have been following the United States and British work in this field. We have people working with them, and we have teams actually training with them. But there is not that type of equipment available yet in quantity for delivery.

With regard to airborne troops and aircraft, we have the aircraft necessary to carry

out the kind of lifts we consider is necessary to meet the kind of attack that might be made. This mobile striking force of three airborne divisions, artillery, engineers, medicals and the like, is not a brigade. It was originally planned as a brigade, but the concept changed and now it is planned to operate its units as three separate battalions. They are trained, and the exercises have shown that they do the job. In this connection, and in connection with civil defence to which other hon. members referred, I wish they could see and compare what we have in Canada with what there is in the various countries on the other side of the Atlantic, where the threat of an immediate attack and the consequences of an attack are far more imminent than they would be in our country. I wish hon. members could compare our position with regard to defence against air attack, either by radar backed by fighters and anti-aircraft guns, civil defence and ground observers and so on, with the state of organization that there is on the other side of the ocean. They would be surprised at the considerable progress made on this side relative to the other.

Then the hon. member referred to the build-up of staffs, and so on. We set out in the white paper the distribution of the Canadian armed forces. I doubt if you could get this information for any other country, as between the various components engaged in defence operations. They are to be found there, divided among the effective fighting forces, the administrative and training staffs; those in Korea, Germany and the like. It is extremely difficult to generalize about these things. We strive continuously to cut down the overhead, the staffs, and to make continuous comparisons with the corresponding picture in the United States and Britain. So far as I know the results are generally favourable, despite the fact that we have relatively smaller forces. Still, this is a thing that I agree must be fought for steadily, to reduce the overhead, to reduce the cost and reduce manpower.

In this connection, we are faced with the perplexing problem of having adequate staffs to answer the questions on the order paper.

I might mention one in the name of the hon. member for Calgary North, which appears on the *Routine Proceedings and Orders of the Day* for this day. I refer hon. members to page 11, order No. 10 in the name of Mr. Harkness, as follows:

What percentage of national defence buildings, on a space basis, are heated by fuel oil and by coal respectively?

And then No. 3:

How much oil is used per one thousand feet of floor space where oil heating is employed, and how much coal is used per one thousand feet of floor space where coal heating is employed?

Well, that is a nice one! I asked the department to find out how many buildings we had in national defence. They have made a survey and have found that apart from married quarters there are about 11,000. And we have about 20,000 married quarters. Married quarters are fairly standard, so we will place them to one side. But in order really to arrive at an answer to this question we would have to have a team of people go about and measure the cubic contents of each building, ascertain the square footage of space, and then—if we could possibly find it out—relate to that the quantity of oil and coal used to heat a particular building. And then we could give an answer which might mean something to someone, but certainly would not mean anything to anyone with whom I have discussed the question. But, as it is, we will try to do the best we can, and give the hon. member a fair answer.

Mr. Harkness: I would like to say to the minister, and I think he will agree, that in connection with any question I have asked that involved an undue amount of time to answer I have always been quite willing either to modify or to drop the question.

Mr. Claxton: I think that is right, yes.

Mr. Harkness: I thought the information I asked for would be available in the minister's records. If it is not available, then I am willing to drop it.

Mr. Claxton: Thank you very much. I shall give answers to questions two and four, and give some indication with respect to the rest of the question, as well as we can. And we can talk it over. However, I do appreciate the hon. member's attitude.

Mr. Fulton: When you buy a building do you not know how many thousand cubic feet of space there are in it?

Mr. Claxton: Yes, we do; but quite a few of our buildings go back to the French regime, and we have no accurate information about them.

Mr. Harkness: Some of your methods go back to the French regime, too.

Mr. Claxton: Now, the hon. member also referred to our purchase of mobilization stores in excessive quantities. A good deal was made of this during the recent event in August. But I must say very little reference was made on that occasion to the information

that had been brought out by the defence expenditure committee of the House of Commons. However the fact is that we have had brought to our attention no example of excessive purchases of soft goods or hard goods for mobilization stores, with the single exception of those two dreadful things, serving forks and coffee pots. I admit guilt on both counts.

Mr. Harkness: And for the first time.

Mr. Claxton: Oh, no. As I have told hon. members, and as they must know, I suppose this resulted from someone fairly well down in the echelon applying the same multiplier to troops we would have on mobilization that was in effect at the end of the second world war, when we were feeding the troops at tables of six, and had not yet adopted the cafeteria system, which is now practically universal throughout the armed forces. That cut down the number we needed of serving forks and coffee pots very greatly.

However we are taking these into stores, and before very long they will all be absorbed, and nobody will be out a nickel. No doubt the defence estimates for the next year will be reduced by the amount of the forks and the coffee pots we have not had to buy.

The hon. member for Esquimalt-Saanich, as usual, made a very constructive, helpful and moderate speech. As he and others proceeded to speak in this debate I could not help recalling the time up to seven years ago when the government and the Department of National Defence and the armed forces were being accused of doing too little and too late. Then as this debate has gone on it became pretty clear that the burden of the main opposition speeches was that we were doing too much, too soon. And then we could find a kind of antiphon; "Too little, too late, too much, too soon; too little, too late, too much, too soon", almost being said at the same time.

We did not as was suggested enter this operation of planning the post-war program, beginning in 1950, as a "crash" operation alone. We did not do that. But what I do suggest is that at that time, in 1950, with the outbreak of the Korean war, and with Czechoslovakia just having been brought behind the iron curtain, there was, generally speaking, throughout this country, as in every other country, a feeling that war was likely to come upon us at any time. And we had to prepare for that kind of emergency, as well as "the long pull". So we had to do a great many things as fast as we could, and also at the same time not do more than we felt we could support over "the long pull".

And Canada in this respect was somewhat unique. In the United States they have a system of government under which the administration can put forward estimates and requests for money which ultimately have to be dealt with by congress and which very frequently are changed in congress. In the other countries of our alliance there was always the certainty of mutual aid from the United States and, to a lesser extent, from Canada. However in our case if we put anything down as a commitment, as a planning figure, we had to be prepared to carry it out as a government and as a party, or else we would cease to be a government, and cease to be the party in power.

Everyone dealing with us knew that: We told them. Consequently every figure we put down had to be tested and tried by the standard: "Can we do this, not only this year, but next year, and the next, and the next?" And so our plans were realistic and, as it turned out, our calculations were quite surprisingly accurate. And we have done what we set out to do.

But I must say that the suggestion that we failed to anticipate that the Russians would have the atom bomb and jet aircraft really surprised me. Of course the plan was based on the assumption that they would have the atom bomb, and jet aircraft bombers, capable of delivering it. We worked out, on the basis of the intelligence information available to us, what the likely date would be at which each step would occur; and I must say we are still doing so. Whether or not we are proved right in our present planning for 1957, 1958, 1959 and 1960 will only be established if there is another war. I hope there is not another war; and we will never know if we were right, unless there is another war; but if we pass by the date for which we planned forces suitable to meet the threat at that time, then I think we have done the job that planning should do—match the plan to the estimated capacity of the potential enemy at the time. If he does not deliver the goods at that time, then we are one year ahead. We have bought one year of peace. That is the way military planning must and should work, but it has got to stretch forward almost indefinitely into the future, so long will be the time necessary to make this terribly complicated and complex equipment.

There was some suggestion about our still continuing to plan to fight with the equipment of the last world war or some other world war. At the present time there is no country on the face of the earth that has aircraft in the field to the extent that Canada has, competent to meet the Russian threat

at this time. If we had bought, as was suggested by one hon. member, Meteors and Vampires from the British we would have planes that would be at least a whole series back from the present planes we have.

On the other hand, the hon. member for Queens was comparing our aircraft, the Sabre with the Orenda, with some others, and I must say the figures he gave surprised me. I have had them checked and they surprised our people; but what I am sure he is comparing is an estimate of future possibilities with what we have in the field today. We have something coming along better than that estimate—we hope we have. That is what our plan is, to have the supersonic fighter to replace the F-86E and the supersonic all-weather fighter to replace the CF-100, some years ahead. Whether or not we can get them I do not know, but we are investing money so that we stay on top of this job, and have at the time when it is necessary the kind of equipment to down any enemy that comes. And that is the job of military planning. It is related to time, and the time today has to be a long, long way ahead.

Here I would like to correct one impression which apparently the press took from something I said, which was not intended at all. This was with regard to the results of an exercise that we had on air interception. I quote from what I said at page 4905 of *Hansard:*

> The percentage of kills as they were counted in these exercises was extraordinarily high compared with any experience in the second world war. It was not one hundred per cent but it was about ninety per cent indicating a very successful operational state.

Then, I went on and said that I gave those figures by way of illustration of an operational state. I do not want to suggest for a second that if the enemy came over tonight our aircraft could get into the air and knock down nine out of ten. Nobody could say that; until the battle occurs you cannot say; until you know the conditions you cannot say. The enemy might come over on a night in which fighters could not get off the ground.

Mr. Ferguson: Can the minister give us a rough estimate of what they might do from the knowledge he has of the enemy and our defences? Can he give us that?

Mr. Claxton: I cannot.

Mr. Ferguson: Give us a rough estimate.

Mr. Claxton: I gave it just as fully as possible in the statement I made yesterday.

Mr. Ferguson: The minister cannot tell until the war is over. That is some answer.

Mr. Claxton: That is right.

Mr. Ferguson: That is not what the people of Canada want.

Mr. Claxton: Not "until the war is over", but until the attack occurs you cannot tell and nobody can tell how successful the defence is going to be against that attack. If the attack comes over at night and your aircraft are frozen to the ground with freezing rain the attack is going to be completely successful unless you have ground-to-air radar-guided missiles that will go up irrespective of conditions and no country has those in quantity yet.

Mr. Ferguson: If you had an earthquake that might help.

Mr. Claxton: That is right.

Mr. Ferguson: Under ordinary conditions what could happen?

Mr. Claxton: The full story that can be told I gave yesterday and today, and I do not propose to make any prognostications about it at all.

I have indicated the results of an exercise which we held under fairly realistic conditions. No exercise can be under completely realistic conditions. I do want to make it plain that that was what I was doing.

The hon. member for Esquimalt-Saanich then referred to the expenditures on research and development. I am very glad to see that he would like to see those increased. We are getting, we feel, about as much money as can be usefully spent on this operation at the present time. It must be remembered that our research work and our development work, particularly research, is carried on in close co-operation with the national research council, with the universities, with industry, but also in the closest kind of partnership with our allies, particularly Britain and the United States. We aim not to overlap except in fields where it is really desirable that two or three approaches should be made to one problem at the same time. Altogether, I do not think it is possible to suggest that this co-operation in this field could be improved in any way.

But that brings to mind the importance of emphasizing that this whole business of defence planning is not carried out by the Minister of National Defence, the chiefs of staffs of Canada, the cabinet defence committee or the cabinet alone. It is carried out after close intimate discussion and consideration with our partners in the alliance. This is an alliance, and we have with the standing group in Washington a permanent representative in the person of Rear Admiral De Wolf,

head of the Canadian joint staff in Washington, sitting in with the permanent representatives of the chiefs of staff in consultation with the standing group. We have at Paris Mr. Dana Wilgress, our ambassador to NATO, with a military staff sitting in there. We have integrated officers, integrated as part of SHAPE, as part of SACLANT, as part of the standing group staff, and so have other countries, and we are all doing this job in cooperation. Therefore, if we arrive at a major plan it has usually had the advantage of discussion with representatives of other countries, and it is designed to fit in with what they are doing. Our aim is to have an over-all balance of forces, without each country having to have something of everything. And our balance of forces of course is related to our particular roles in the air and on the land in Europe and in Canada, and at sea in the anti-submarine escort work.

That brings me to references that have been made to the speech of Representative Cole. In this connection I must say I feel that Representative Cole, when he said that some delay had occurred—not two years' delay—in negotiations with Canadians over continental defence, must have had in mind that some time had been taken by various groups of military personnel, scientists and others, to arrive at a plan of what additional steps should be taken. There has been no delay in this consideration that has been caused by Canadian participation. The problems involved are new; the magnitude of the task is formidable, and anything that has been decided upon would be expensive in manpower to make. It would only be chosen if it meant a series of continuing requirements, so that we here have had no recommendation from Canadian or American or joint groups that has not already been acted upon. There are no negotiations pending. There are no negotiations that have been pending for two years, and there are no negotiations that have been delayed as the term "negotiations" is ordinarily understood. I feel that what the representative must have had in mind was consideration by military and scientific teams as to what was the best thing to do.

This question of continental defence was dealt with in a joint statement by both countries, which was tabled in the house on April 8, 1954, and it appears as an appendix to *Votes and Proceedings* of that day.

With regard to recruiting the hon. member referred to expenditure, and I would like to emphasize a point I have made repeatedly, namely that to maintain our forces at their present quantity and quality requires a continued effort. We estimate it would require about a 15,000 intake a year, of which about 10 per cent would be officers. That is a very considerable figure in this country in peacetime, and in order to get officers and men of the required quality we require a continuous effort and strong support.

Then the hon. member for Esquimalt-Saanich spoke, as did the hon. member for Rosetown-Biggar, about the desirability of our having an additional aircraft carrier. Well this would be desirable, but what would we give up? It would cost from $50 to $100 million to begin with for an aircraft carrier, and whatever else would be involved including the modification and renovation of an airfield, the special type of aircraft, training facilities and the like, and the question is how that $50 or $100 million could be found out of the present defence appropriations. It is a question of priority.

Mr. Ferguson: Mr. Chairman, I would like to ask a question. Does the minister believe this would be a necessary adjunct at the present time?

Mr. Claxton: No, I do not.

Mr. Ferguson: Then the answer is that we will not get one because you do not think it would be necessary. But if you thought it was necessary would you see that the money was raised for that project?

Mr. Claxton: Unfortunately that is not the way in which defence planning works.

Mr. Ferguson: Even if it were necessary we would not have it, is that the answer?

Mr. Claxton: No, that is not the answer, and the hon. member ought to know that.

Mr. Ferguson: I do not know anything about your way of thinking. One would have to be a mindreader, a soothsayer, and everything else to know that.

Mr. Claxton: I think everyone must know that there are a lot of things we would like to have and which I would consider desirable in the interests of our national defence. If, however, the defence appropriation is fixed by parliament at $2 billion then we must see what is most necessary to have out of that $2 billion. Defence planning is not a question of what is necessary or desirable; it is a question of what is most necessary and most desirable. In other words, it is a question of priority.

The hon. member for Esquimalt-Saanich referred to the cost of an escort vessel. I agree that these escort vessels are very expensive. They are very complicated and they will have great speed, as we hope to find out when we get them into operation. They have qualities of all kinds which make

them very suitable indeed for catching and killing the modern high-speed submarine, and indeed that is their purpose.

Now, the high speed submarine is a threat, and the extent of that threat was made clear by the hon. member for Trinity-Conception when he spoke this afternoon. It is a very serious threat and the type of equipment needed to meet it is, we believe, this particular type of vessel, and that is the belief of the British and Americans and of course we must have aircraft.

Consequently since that is part of our job we are going in for the construction of 14 of these vessels and, of course, as I said before, they are very expensive indeed. We have plans under way for the construction of a ship which would be very much less expensive and easier to build, and which might come close to doing as good a job. We probably will not begin construction of this type of ship until we have the first trials of the first of the destroyer escort vessels so that we can learn from their actual operation what they can do.

As regards the use of helicopters, they are, of course, becoming increasingly important for the army, navy and air force, though they are relatively expensive in view of the light load they can carry. However, we are getting more of them for all three services.

Then the hon. member and others referred to our contribution of 12 squadrons of Sabre fighters to NATO, and the suggestion was made that we should bring 6 of these back. That suggestion I think was made by half a dozen hon. members and consequently I must deal with it. In the first place, the United States and Canada are the only two North American nations contributing forces to NATO. Without the United States, as was so well pointed out by the hon. member for Prince Albert this afternoon, it would be very difficult indeed to conceive of NATO being in existence at all, and it is of vital importance that the other nations continue to feel that in the build-up of their own forces they have the strong support of the United States and Canada.

I do not suggest that it would be fatal from the psychological or the political point of view for us to withdraw forces from NATO, but it would be a course I would hate to see followed by any Canadian government because I believe it would be the trigger which would start a general decline of the whole grand alliance. When you speak about those 6 squadrons not being important, that is not the view of General Gruenther or General Norstad. These squadrons form an important element in the total defence there, and to withdraw them would mean leaving a gap which could not be filled by the air forces in being or planned by other countries, and that gap would be a very serious one indeed.

There is another reason, and that is that these Sabre fighters are really not well suited for the air defence of Canada. They have a relatively short range, they have only one pilot; they have not a complete set of navigational instruments, and if they went into the air and got into a dogfight in Canada they might have great difficulty in getting back to their airfield. If we had our fighter defence in Canada staffed by Sabre fighters it would mean that we would have to have our airfields for fighter defence at least twice and probably three times as numerous as they are today because of the very much shorter range of the aircraft. Along with double or triple the number of airfields at present in existence we would have to have an increase in their attendant facilities, such as runways, oil tanks, hangars, married quarters, and everything else. An airfield costs about $30 million, and we would also have to double or triple the number of emergency landing fields. In addition to that we would be faced with the necessity of maintaining Sabres and Sabre crews and training them for use in Canada as well as on the other side.

Therefore, from the point of view of our own defences this would not meet the need. The CF-100 does meet the need, and by the end of this year we will have all our regular squadrons, airfields, and radar stations operating on continental defence, which is the thing we have planned, and we will do it by about the time planned. That is the best and most economic way of carrying out this operation.

The hon. member for Rosetown-Biggar at one stage, I believe, asked whether the success of the H-bomb was due to the atomic dust which drifted across from Russia. I have never heard that suggestion. He asked about our expenditure on electronics being cut down. This does not mean any less interest in electronics. Last year we had in the estimates a considerably larger figure because we were building up a radar defence and we were transferring a good deal of electronic equipment abroad as mutual aid. He asked about the withdrawal of troops from Korea. It would certainly be most unfortunate if Canada or any other country made any effort to withdraw its troops from Korea until there is some further development in the discussions at Geneva. After that we can all have another look. He spoke about putting cruisers into reserve. The cruisers are used largely for training purposes. You cannot have a sufficiently large number of

men on a destroyer, a frigate or a destroyer-escort to meet training requirements; but on a cruiser you can provide training, and that is what they are for. He referred to 1,000 inspectors of stores. As reported at page 4921 of *Hansard*, he said:

> . . . we have 1,000 inspectors of stores, in addition to the inspection staffs of each of the services. These 1,000 inspectors cost $3,500,000. I am not going to deny that adequate inspection is necessary, but the present estimates provide for no less than $12·5 million for all the inspection services compared with only $10·5 million at the height of our war effort, 1943-44.

The peak wartime year was 1943. The total staff of inspection service was 19,000. The cost was $30 million. The value of the goods inspected was $1·5 billion. For the fiscal year 1953-54 the total staff was 2,295; the value of the goods inspected was $1·1 billion—almost as much as during the war-time peak—with one-eighth of the staff and the cost was $12·5 million.

Then he also talked about our transferring obsolete equipment to NATO. I do not know what he had in mind. There is nothing obsolete about the aircrew that we are training for NATO, and that is the largest single item of mutual aid. We have trained altogether 2,682 and the cost has been $228 million. Then the next largest single item has been the transfer of 370 Sabre fighters to Britain, and the Canadian components in that item represent about $100 million. The rest is divided up between new and old items, none of them obsolete. Otherwise they would not have taken them and we would not have given them. He also seemed to suggest that we should procure aircraft from Britain. We are going to get the design for some Britannias, but as will be seen from what I have said we have been supplying aircraft to Britain, not the reverse.

The hon. member for Winnipeg South Centre made statements about armour and the like. This matter has already been dealt with in the house on April 15, 1953, on December 1, 1953; and on several other occasions we have gone over the same ground. I should like to point out that it is impossible to work our present armed forces, with their commitments in Korea and in Germany and the requirement of having a mobile striking force of airborne troops, and still have two armoured regiments rotating abroad. You just cannot figure out mathematically a way of using the same manpower to do that complicated operation. Once you train a man for armour, you do not want to use him in the infantry and vice versa. Also, of course, an armoured brigade would cost about $100 million more than a corresponding infantry brigade.

The hon. member for Cape Breton South made some interesting remarks, as he always does, and I appreciate what he said about current affairs. I think I have covered the other points he mentioned, and also those of the hon. member for Queens. His question as to whether we would have a deputy chairman of NATO for air is one which will be up for consideration whenever somebody has to be appointed. If we have the right man for the job, I hope they will consider a Canadian. We hoped to have a suitable officer to go over there at that time.

The hon. member for Oxford referred to the representation on the naval benevolent fund and questioned the absence of other ranks. There are sixteen other ranks in the voting council.

I think that covers all the points except the questions by the hon. member for Wetaskiwin about fires. Perhaps I can deal with them later when we come to the appropriate estimates. However, I would say that the cause of the fire at Penhold appears to have been a spark setting fire to fuel that was being poured from one tank to another. The loss by fires of hangars in the air force averaged about $700,000 a year. The cost of the interest on the amount necessary to replace the present hangars with fire-resistant hangars would be $5 million a year. We have a program of hangar replacement, but these two figures would indicate that it was not economical or financially desirable that we should change the present policy. I can tell him that we know nothing other than what I have mentioned.

I think I have covered the points sufficiently, Mr. Chairman. If I have not done so, I know that hon. members will bring them to my attention as we go through the details.

Mr. Macdonnell: Mr. Chairman—

Mr. Claxton: Excuse me, but there is one correction I should like to make. I find that when I answered the hon. member for Red Deer today about fatal casualties on aircraft, I said that the fatal accident rate on jets was lower than that on conventional aircraft. On checking over the figures again—at the time I was answering the hon. member quickly because the matter was urgent—I find that the actual number of fatal accidents or fatalities caused through jets has been lower than the number on conventional aircraft, but the rate is higher.

Mr. Macdonnell: Mr. Chairman, I should like to make a few remarks on the general debate, and particularly on what the minister has just said. The minister's speech has made me rather uneasy. It has been too much of

a success story. If the minister had indicated some other mistakes beyond serving forks and coffee pots or teapots—I forget which it was—I should have been more reassured. But as I said, we have really had a success story. I do not propose to try to assess some of the answers the minister has made, because others here are more competent to do so than am I; but I want to indicate my objection to the answer which was made with regard to the reserve army. If the other answers were comparable to that which was made with regard to the reserve army, then they must be highly unsatisfactory indeed.

What the minister said about the reserve army, in answer to the damaging criticisms made by the Leader of the Opposition and others, was that it was not planned to be up to strength. He gave us some figures pointing out that when we had the reserve army up to or nearly up to strength was when our active army was small and negligible. I think that is a fair statement. But there are two comments which may be made on it. Incidentally, I can bear out fully what the Leader of the Opposition said about the adequate equipment of the artillery in the years just before the first war. As I say, if you go back to that time you will find that we were then fully equipped. The minister excuses the present situation by pointing out that we have the active army.

But when the minister says that it was not planned that the reserve army should be up to strength, I imagine he would also agree that it was not planned that there should be parades where the officers on parade would outnumber the non-commissioned officers and other ranks. While that may be an extreme case, I think any of us who know anything at all about the reserve army know that those working in it and taking it seriously are terribly disturbed about the conditions under which they are working.

I have a young friend in the reserve army, an engineer, who works at it very hard indeed. I have a letter from him which I do not propose to take the time of the committee to read, but it indicates that he is extremely disturbed about the whole situation. I am disturbed too that the minister should have sought, as he did, to leave with us the impression that there was nothing to worry about with respect to the reserve army, that it was true it was different from what it used to be but the conditions were different.

I maintain, as I said a moment ago, that the reason he gave as an excuse for the condition of the reserve army, viz. the fact that we have an active army, is utterly invalid. First of all we have got, as I said, a far larger population, but second and far more important is the fact that we are now in a condition of danger where, if we had the right spirit, we ought to be able to have young men crowding into the reserve army.

There is just one other thing before I go on. I want to refer to the minister's answer to the hon. member for Calgary North who said that we had no anti-aircraft defences. The minister passed over that very lightly by saying that we were in a transition. How long does the transition go on? We have been getting ready for three or four years. How long does the transition go on? After all we are not considering a condition which may arrive ten or fifteen years from now. We do not know when it may arrive. We do not know when the need may arrive.

I want to say a word about what was said this afternoon. It seems to me this debate is probably the most important debate of the year. It is not merely that we are considering such huge amounts of money but that we are considering our very existence. Either we take these things seriously or we do not take them seriously. Either there is danger or there is no danger. To see the attitude that is widespread in our country and not absent in this house, one might imagine that the danger threatening was threatening somebody quite different from us, that it did not come very close home to us, or that if there was any danger it was not going to come for another five, ten or fifteen years.

I think anyone looking about this country and coming into this house would think we were taking things very nonchalantly. We all know how easily the abnormal becomes the normal, but I take it it is our job as serious citizens and presumably leaders of thought to see that that is not allowed to happen. Is there or is there not any sense of urgency? I listened to the minister's speech yesterday. It was a good speech as far as it went, giving us an account of things. Someone said it seemed to have more to do with A and Q than it had with G. He discussed supplies. The minister was very pleased to tell us how well supplied the troops are, and that is well, but what we are interested in knowing is what they are going to be able to do and what the position is with respect to the dangers which may arise.

The minister's speech has been criticized by competent men with experience in the last war, the hon. members for Esquimalt-Saanich, Winnipeg South Centre and Calgary North. They have brought searching criticisms and the minister has answered tonight. I make two comments. First of

all the answers seemed to me inadequate. It seemed to me that he utterly failed to answer particularly what had been said by the hon. member for Winnipeg South Centre in respect of armour. Again I say that if the answer with respect to the reserve army can be taken as a sample of the validity of the other answers then I repudiate them entirely.

I come back to the question of the sense of urgency. I sometimes wonder whether it is not easy for freedom to degenerate into irresponsibility and whether we are developing the self-discipline which surely is necessary if we are going to meet the imposed discipline of the communist countries. If we had the self-discipline that is necessary we should not have to lure people into the forces by all the means we are using now, urging them to come in and get in on the ground floor of a good thing. Yet it is not fair to place the criticism on the young men because as they look around what sign do they see of the older people making any sacrifice? We cannot blame the young men. We must blame ourselves primarily, and while one does not want to blame the government for everything, weather included, it does seem to me that the sense of urgency which I believe is necessary was lacking from the minister's speech yesterday.

I got no sense of urgency from it. It might have been a progress report on the construction of some civilian enterprise where we were told that it was pretty well up to time and the excess costs were not any more than we had expected they would be. That was the impression it left with me. Since then we have had, I submit, valid and searching criticisms of it. When the minister came to answer tonight I hoped we might have answers which would carry conviction, that we might perhaps have some of the sense of urgency which was not there yesterday. I failed to find it entirely. If we really believe that it is not all a form of words when we talk about the danger we are in, then all I can say is we seem to be handling the situation very trivially both in this house and outside.

We are not going to save ourselves merely by the expenditure of money. In times of danger when emergency really arrives and we know it is here there is nobody better than ourselves in rising to meet a crisis. We have done that in two different wars, but as has been said already we were always late and we were lucky to get through. At the present time we of course are much further advanced in respect of material preparation. We have never done as much before in peacetime, but I suggest again that unless we have that spirit which will only come from a sense of urgency then all the money we spend may not produce the results that we want.

I am not going to take up much of the time of the committee to discuss the question of some body, presumably a committee of this house, which shall review the matter. I do point out, however, that at the present time a terrific responsibility is resting on the minister and his associate, who are both men of military experience, but it so happens that there are in this house a good many other men of more recent military experience. I am not suggesting that members of parliament are going to set themselves up as experts, but I do suggest that you have got to have somebody to deal with the experts. It is no disrespect to any soldier, sailor or airman to say that their job will be to get as much as they can. Why would they not? If anything goes wrong they are going to be held accountable. Why would they not get every nickel they can get? It takes a lot of courage, it takes judgment to know the point at which you are going to stop giving them money. From this side of the house men have spoken who have had experience. There are men on the other side of the house who have had experience. It is a pity we do not have more speeches from the other side but that is the rub of the green. I have no doubt there are just as many on the other side of the house, but I say most earnestly that it is a great pity that such men have no chance to do anything except, after the policy is determined, to either approve or to criticize.

We are deprived of the judgment of these men. I think that is a great loss to the welfare of the state. I do not want to press the question of information but I want to say this. You can be fairly submerged with information of all kinds. You can go and look at things. It is no good for me to go and look at an aeroplane. All I know is how to get into an aeroplane and ride in it. My opinion on technical questions is of no value whatever.

We have people whose opinion would be of value. As I say, it is not a matter of the quantity of the information. The minister says, and I have no doubt correctly, that he has dished out information in great quantities. What I am suggesting is that we fail in this house, we entirely fail, to avail ourselves of the judgment of some of the best-informed and experienced people in this house on both sides. That is a great loss if we are losing that because of some blind worship of some technical shibboleth. I think it is a great pity.

Now, Mr. Chairman, I said I was going to be brief, and I shall be brief. I take

it at the moment, in spite of the billions we are spending, we cannot pretend to ourselves that we have any sense of urgency or widespread sense of public responsibility that we should have in order to meet this situation, and I think while that condition exists the government had better not take credit to itself and plume itself on the situation which exists.

Mr. Fulton: I should like to bring just a few matters to the attention of the minister and the committee at this stage of the discussion. Before coming to the particular subject I want to mention that perhaps a comment or two on the minister's recent remarks might be in order. I was interested in the matter referred to lastly by the hon. member for Greenwood in that the minister said that he had given this parliament more information than any similar legislative body. This was in reference to a committee which might get at the root of the problem so as to enable parliament to deal in a more intelligent way with the problems of defence in Canada. I wonder if the minister really expects us to swallow that generalization?

Mr. Claxton: Yes, I do.

Mr. Fulton: Well, I do not intend to swallow it because some of us have made a study of what happens in other legislative bodies. I do not agree with the minister, to put it at its mildest, that this house gets more information than the United States congress does when it calls the secretary of defence before a committee, and not only the secretary of defence but the officers and the chiefs of staff. These people are subjected to questioning and the committee does not let them go until they answer the questions satisfactorily, questions of policy as well as masses of statistical information. The minister, I must admit, is prepared, and his department is prepared, to flood any committee we set up with a mass of statistical information. They bring it in in reams, and they are prepared to justify it. They justify their contracts. It does not matter if they have spent twice or three times the original estimate, they say that was inevitable and was all right because they got value for the money.

They are prepared to bring in all kinds of that information and to set up their experts to justify it. However we are not allowed to get at the type of witness the United States congress or British parliament brings before committees and compels to answer questions, the sort of questions on defence matters upon which we want information.

I take issue, too, with the minister's refusal to make available to this house the report of the three distinguished officers who have recently been making a survey of the situation with respect to the reserve army. The minister said that would be, to paraphrase his words, a denial of the whole system of responsible government. We have heard some half-baked arguments on that subject before from such experts as the Secretary of State, whose job it was to keep information from parliament before he became a member. The justification in the past for that sort of refusal of that type of information which did not properly come to parliament was that it was confidential reports of civil servants to their ministers. There may be an argument —I am not admitting that I go along all the way with everything that is said in defence of the government there—but there may be room for argument or room for enormous difference of opinion.

However that is a very different thing from the minister spending public money, over and above what is called for by the estimate, or for civil servants who are on the staff of the department and who are of course the confidential advisers of the minister and upon whose advice he relies—it is a different thing from saying that we are not satisfied with the situation in the reserve army and so take it upon ourselves to obtain outside advice. Then, having set up this special committee, to say that the information derived as the result of the expenditure of public money shall be denied to parliament is, itself, a denial of responsible government. Yet, that is the sort of generality and absurdity with which the minister expects this committee to be satisfied in connection with the study of his estimates.

There can be only one reason why this report is refused, and that is that the government knows that it reveals a situation in connection with the reserve forces that is not satisfactory. Why does the government not admit it, and just tell us where it is not satisfactory and what efforts they intend to make to deal with the situation. Then, we would know not only where the cause for dissatisfaction lies, but what remedies were being proposed and instituted to deal with it. How much longer does the minister expect us to go on being satisfied with his general assurance that they are taking action to deal with this situation, when the situation in fact in the reserve forces is such as we have had revealed tonight by those with knowledge of the situation. The minister expects us to swallow too much if he expects us to swallow that whale.

There were one or two other perhaps minor points in the statement the minister has just delivered with which I suggest he has affronted this committee, and they are typical of the arguments which he uses all the way through. I feel that a reference to

them may illustrate the weakness of his whole position. He referred to the suggestion which had been made regarding bringing back some of the F-86 squadrons from Europe so that they might assist in the process of continental defence. Now, I do not go along completely with the suggestion that these squadrons should be brought back, although I do go along with the hon. member for Esquimalt-Saanich in his criticism in which he questioned the wisdom of denuding the defence of Canada, from the point of view of fighter aircraft, at the expense of building up strength overseas. The reasons given by the minister as to why it would not be appropriate to bring back these squadrons are so absurd that, as I say, they serve as an illustration of the whole statement with which he affronted us a few moments ago. He said they are not satisfactory for Canadian defence. They have only one pilot and if they get into a dogfight, with the prevalence of cloud and so on, it would be very difficult for them to find their way down again. I have never heard it suggested, Mr. Chairman, there is more cloud in Canada than there is in Europe.

Mr. Claxton: There is more space.

Mr. Fulton: More space, yes, there is more space. What does the United States rely upon for continental defence? Do they use the CF-100? Are they not as concerned as we are about the matter of continental defence? That is the sort of half-baked, half-reasoned argument with which the minister—

Mr. Claxton: No part of the United States corresponds to every part of Canada, nor does the continental—

Mr. Fulton: What did the minister say?

Mr. Claxton: No part of the United States corresponds to the area across Canada, with our northern territory—

Mr. Fulton: There is Alaska and the American bases in Newfoundland and Labrador. Why, good heavens, you would think the minister did not know that the United States has the far northern bases. They have a number of bases all over the world.

Mr. Claxton: Their airfields are close together there.

Mr. Fulton: We have airfields in Canada.

Mr. Claxton: Not nearly as many or as close.

Mr. Fulton: I suppose the minister could go on—

Mr. Claxton: I could elaborate on that, yes.

[Mr. Fulton.]

Mr. Fulton: It comes back to the fact that the minister said they might get lost in the clouds.

Mr. McIlraith: He did not say that.

Mr. Fulton: He most certainly did. I think the hon. gentleman was not in the house when he said it.

Mr. McIlraith: He was in the house throughout the whole of the minister's speech and he listened carefully to the minister's speech.

Mr. Fulton: That was what the minister said, and the hon. member is not going to change it by shouting. Because I say that was one of the main difficulties to which the minister referred.

Then the minister did not deal adequately —indeed, he hardly dealt with it at all— with the very thoughtful and excellent speech delivered last night by the hon. member for Queens. The hon. member made certain criticisms of the expensive policies followed by this government in connection with the building of jet engines. I think it should be emphasized that the suggestion of the hon. member for Queens was in no way that we should not build jet engines in Canada; in no way did he suggest that it was not desirable for us to have an aircraft engine industry. His suggestion was rather that, as has been done in the United States—and that is a particularly notable example where they desired to obtain experience in the building of jet engines—we should build under licence, from designs of countries which had already had experience in that work. Indeed experts in the field of aircraft engineering have told me that the main reason the Americans are now able to produce excellent jet engines in large quantities is because of the experience they were willing to acquire in the first instance, by building engines under licence.

And the point is that they acquired that experience at far less cost, and went into large-scale production in a great deal less time than would have been possible had they started from scratch, as we did here. And I do not think anything the minister has said thus far has even begun to deal with the points made last night by the hon. member for Queens, to the effect that engines are available to be built in Canada, under licence, capable of delivering a far greater thrust, and with far lower fuel consumption ratio, and waste ratio, than in respect of those being built in Canada at the present time.

Mr. Claxton: May I just say this, that assuming what the hon. member says is correct—and it is not—it would take eighteen

months to two years from now to get into production of that type of engine; whereas we are probably producing as many jet engines as any country in the world today, except the United States.

Mr. Fulton: But this by no means is the first time it has been suggested. This is not the first time the suggestion has been made. It was made more than eighteen months ago.

Mr. Claxton: No.

Mr. Fulton: Yes, indeed, it was, and not only publicly but privately. As the minister well knows, that criticism has been made privately; but it was not regarded because of some fetish they had—

Mr. Claxton: Fetish?

Mr. Fulton: —that they had in mind in the government and the department.

Mr. Claxton: All we want is good engines.

Mr. Fulton: Well, again that is the sort of generalization in which the minister indulges, but it does not deal with the statistics produced last night by the hon. member for Queens. Certainly the hon. member dealt with those statistics in an intelligent manner. The inference in the minister's last remark simply does not stand up, because the inference in that remark is that the engines described by the hon. member for Queens were not good ones. Well, the statistics he produced indicated that they are better than the ones being produced here. And I say those statistics should be dealt with before we are asked to accept the general assurances with which the minister expects us to be satisfied.

I think, Mr. Chairman, that there should be some further reference to the speech delivered on April 29 by Representative Sterling Cole to which reference was made last night by the hon. member for Esquimalt-Saanich. This speech was delivered in New York at the 135th anniversary banquet of Colgate University. As has been pointed out, and should be emphasized, Representative Cole is chairman of the joint committee on atomic energy of the United States congress. The minister has given us the assurance that, notwithstanding what is contained in the remarks of Representative Cole, there are no negotiations between Canada and the United States which are now pending and, further than that, as I understand him, that there is no suggested construction in connection with the continental defence system and radar screen which is being held up by current negotiations, and by failure to pursue and to conclude those negotiations.

Well that is in direct conflict with the statement contained in this speech. It is obvious from the terms of the speech and the occasion of its delivery that Representative Cole took this opportunity, on April 29, to lay before his country what he considered to be a grave and acute problem arising out of shortcomings in the continental defence effort of Canada and the United States. So these were not any passing or careless remarks.

I have the text of his speech here, and the whole of these seven single-spaced foolscap pages is devoted exclusively to this subject. I wish to make that clear, because I think it should be emphasized that this was a careful, considered and reasoned discussion of the subject of continental defence. And there are some very disturbing passages in this text. Reading now from the third to last paragraph on page 2 I find this:

> The grim statistics are these: Today, the Soviet dictators are capable of manufacturing nuclear weapons of such destructive power that a single bomb could destroy the heart of New York or Chicago or Washington. Today, the Soviet union has planes capable of delivering such weapons—even if on one-way missions—against the majority of our critical target areas. Whether the Soviets could now mount an attack of such intensity and scope that our ability to retaliate would be eliminated may be open to debate. But three or four years from now, the Soviets will be able to launch a saturation attack against our nation—an attack so massive that our ability ultimately to prevail may be open to grave question.
>
> Were an attack to occur this week, or this year, we would have no effective way of repelling it.

I would ask hon. members to contrast this paragraph with the statement made by the minister concerning a test he observed—a statement he has now modified to some extent, but which now stands on the record—concerning the ability of our defensive screen to deal with attacking enemy aircraft. I quote the minister as follows from page 4905 of *Hansard*:

> It was not one hundred per cent but it was above 90 per cent indicating a very successful operational state.

And then, here is what Representative Cole said:

> Were an attack to occur this week, or this year, we would have no effective way of repelling it. At best—and this is very optimistic—we might intercept as many as one out of every four Soviet bombers.

One out of every four, or 25 per cent success, is a very long way from 90 per cent success. And yet this speech is dealing with the very interception and defensive screen the Minister of National Defence was discussing yesterday.

Mr. Claxton: No.

Mr. Fulton: "No"? What one does this deal with, then?

Mr. Claxton: No; that is dealing with air defence of the United States, which not only includes the part of it that goes through Canada, but also both coasts.

Mr. Fulton: Well, now, that is very interesting. I shall read on and see if hon. members take the same interpretation from this speech as the minister does. He says:

> At best—and this is very optimistic—we might intercept as many as one out of every four Soviet bombers. It is entirely possible, however, that the ratio of interception would be much less—and I assure you that in saying this I am not revealing any secrets to the Soviet union. The rulers of Russia are probably better aware of our present inability to defend ourselves adequately against an atomic attack than are the American people themselves.

Then going on to page 4:

> If we are to defend ourselves against the planes of today and tomorrow, rather than the planes of yesterday, our first requirement is for advance warning of an impending attack. Today we would have no more than a few minutes prior notice of approaching bomber formations.

Well, I assume that the representative must know that they have this screen in Canada to which the minister referred. He goes on:

> My own belief is that we imperatively need at least six hours of advance warning.

Then, a further paragraph:

> Space, sheer space, can be—if it is wisely used, an ally of untold worth in creating an effective continental defence system. Almost four years have passed since our scientists first proposed putting space to work by establishing an early warning line across the north of Canada and extending it seaward to the east and the west by means of patrol aircraft and picket ships. More than two years have passed since the formidable technical problems involved in making a distant warning system both effective and economical were surmounted. And yet, four years after the need for such an early warning line was pointed out, and two years after our scientists developed the equipment which would make such a line possible, it is still not in existence.

Now, sir, relating that fact to the earlier paragraph where he says we might intercept as many as one out of every four Soviet bombers, I suggest it is absolutely impossible to conclude that the representative did not have in mind the defence screen line in Canada when he made that statement. He concludes the paragraph from which I was last quoting with the quotation already placed on record by the hon. member for Esquimalt-Saanich:

> Negotiations with the Canadian government on the subject of where, how and by whom the first of such early warning lines would be built and operated have been in progress for nearly two years.

Representative Cole went on to point out —and I am just going to summarize the rest of his remarks—that Canada and the United States have a joint stake in this matter of continental defence. That of course has been recognized in principle by the remarks of the minister not only in this debate but in others, and that view is of course shared also by all hon. members. But the whole point of the speech made by Representative Cole is that as yet—although he comes fairly close to suggesting that we are to blame; he does not say so specifically, I think for obvious reasons—we have not even really begun to build up an effective radar or early warning system on this continent. This committee and the country is entitled to know that, and the situation indeed simply demands a much more complete statement from the minister of the situation than that with which we have so far been furnished, because there is too big a contrast between the statement emphasized, the facts outlined and underlined by Representative Cole, and the possibility that we would be lucky if we could intercept one out of every four enemy bombers, and the statement of the minister last night and modified to some extent this afternoon that our early warning device would enable us to intercept approximately nine out of ten aircraft. In the absence of anything further than what we have heard so far, Mr. Chairman, I am afraid that this is another of the minister's vague general assurances.

The Deputy Chairman: Is it the view of the committee that we shall now proceed to the estimates by subheadings?

Mr. Pearkes: During the remarks I made yesterday I called attention to the fact that the white paper of 1951 forecast that there would be some of the four escort vessels launched by the end of 1951 or at the latest the beginning of 1952, and that the white paper of this year gave the fact that five had actually been launched by March 31 of this year. I ask for some information as to what seems to be a very considerable delay and a very considerable difference in the forecast of 1951 and the results of performance as shown by the launching of the five vessels by March 31 of this year. I presume that the four which were intended to be launched in 1951 are included in the five which have actually been launched.

I wonder whether the minister could give the committee some idea as to the reasons for that forecast which proved so inaccurate in 1951, and the reasons for the very long delay there has been in producing more than five of the fourteen vessels. I must call attention to the fact that these vessels are not commissioned now; they have merely been launched, and there is a long period of many, many months usually between the

launching of a vessel and its commissioning. I would ask the minister whether he would give some idea—I hope a fairly accurate forecast—of when those five vessels which have now been launched may be commissioned and when the remaining nine which he has given a forecast of being launched by the end of this year may expect to be commissioned so that we may see when the fourteen escort vessels which were included in this three-year plan may really be ready to take their places with the Royal Canadian Navy in its duties either of escort, or of employment with Canada's forces with NATO.

Mr. Claxton: I have that information though not in quite as full detail as the hon. member has asked for it. I wonder whether we can take it up when we come to the navy headings, but in a general way I can tell him that the main reason, as I have been informed, for the delay in the construction of those vessels was, as I said the other night, that they are a completely new type, new design, and have a power plant which is quite unique. We wanted to produce the power plant in Canada, but in order to get on with the job we bought the first one in Britain. There was delay in securing delivery, and in installing it there was further delay. Now we are well advanced, and I think the delivery dates for all fourteen will be compressed, so that instead of spreading them out as would have been the case fairly evenly at the beginning we shall begin commissioning the first next year, and the others will follow quite rapidly afterwards. The anticipation is that we shall commission those ships probably about five or six years after laying down the keels; whereas, as indicated in the case of corresponding ships in Britain and in the United States, they have had similar delays and will take a bit longer.

One of the reasons for this is that the type of vessel, the electronic equipment, the guns, the antisubmarine equipment, the wiring and the power plants have all been under process of design throughout the period of construction in order to get on with the job, and this proved to be a very complicated operation.

Mr. Pearkes: Have you plans so that you will have the crews available next year when these ships are commissioned? According to the last figures of the naval enlistment strength of the Royal Canadian Navy, we are rather short of the target which has been set, and I presume that would include these crews.

Mr. Claxton: We will have the crews. The most difficult element in the crews are the engine room staff, electronics, wireless and so on, but these key men have been undergoing training in the United Kingdom as well as here.

The Deputy Chairman: Hon. members will find the details start at page—

Mr. Drew: Just one moment, Mr. Chairman. I regret to find it necessary to rise again before we pass on to the details. We had a detailed analysis of the defence situation by the hon. member for Esquimalt-Saanich yesterday, and we had a detailed analysis in regard to the armoured units by the hon. member for Winnipeg South Centre, and we have had a very exact statement in so far as anti-aircraft are concerned by the hon. member for Calgary North. But the minister has completely skirted around these statements.

In answer to a statement that with all this expenditure we have practically no anti-aircraft, except possibly two batteries, one on the east coast and one on the west coast, equipped with, so far as one knows, weapons far from the description given by the minister, we are told about our having the best anti-aircraft guns in the world. But where are they? Where are the units? That is what we want to know. We have spent $5,500 million, not since the end of the war but during this period. Now, where is the defence in Canada representing that money. Where are these anti-aircraft batteries at a time when they are an essential part of our defence? What are the use of radar screens unless they bring into action not only the aircraft but the anti-aircraft gun at the appropriate point? I am not going to go into further details in regard to these anti-aircraft guns lest it be suggested that asking more questions might involve some secrecy. But I am going to say they are not in a position to feed those guns at the moment.

In so far as the units of the reserve forces are concerned, instead of dealing with a specific statement that these units are not up to their authorized strength, the minister sought to convey the impression that the only thing that was wrong was that they were not up to their full strength. No one at any time in this debate suggested that we expect the units to be up to full strength. There is a strength laid down by the Department of National Defence. Either they come within striking distance of that figure or there should be a general readjustment of the general training plan. Either that is the figure that is going to be employed or the training plan defeats itself. If you only have a quarter of those who are expected to carry out a certain training program then that training program becomes nearly wholly ineffective in so far as the original purpose is concerned.

To give an illustration and only an illustration, seven artillery regiments will be kept as one group at Petawawa this year. I pointed out this was no mere case of not being up to the authorized strength. I pointed out that of these seven regiments only one of these trained two batteries instead of three, which would make a regiment, and that so far as the other batteries are concerned some would train one battery instead of three, and some only a single troop and that represents one of the better artillery groups in the country. What is the answer to that?

It is not enough to say we are not up to full strength. The very inequality of these units makes that training extremely difficult to carry out. How can regimental headquarters be trained if they never have one troop of a battery in training? The whole thing is so disproportionate in cost, in training, and in the result of that training. I pointed out that so far as the batteries actually in camp are concerned that these batteries would have a complement of possibly 120 guns and they fire 24.

Either we really mean business about the training of the reserves or we do not. If we do not then let us admit it. If we do then let us establish a training plan that can actually be carried into effect. That is all that is suggested. The officers are keen, the N.C.O.'s are keen and the men are anxious to do their job. But the plan obviously is not working, and it is in relation to that plan that there is a report from three competent officers. The answer given by the minister that this is a confidential report to the staff is really not describable in terms that would be permitted under the rules of this house.

That is a report that really challenges the responsibility of the members of this house. It is in relation, I believe, to this very breakdown in the pattern of our reserve training that these officers were appointed. How can we pass on any details, how can we say that a certain estimate of money for the training of reserve units should or should not be allowed when we cannot see the reports of the officers appointed to examine into this and to make their recommendations?

The idea that this is something confidential which should not be shown to the public is such nonsense that no such statement should have been made in this house. I cannot help going back to the time when there was not this pretence about the secrecy of recommendations. There was a very interesting report by Sir William Otter dated January 27, 1912. As those who have followed the training for some years will remember, General Otter was largely responsible for the reorganization of the reserve forces before the first world war. It was largely because of the fact that his recommendations were followed, his recommendation on a sixth divisional organization of balanced complement of infantry, cavalry, engineers and artillery, that it was possible for Canada to send the first division, not a division alone, but over 30,000 men, overseas no less than two months after the sudden and unexpected outbreak of that war. I would like to read the closing paragraph of that particular report by Sir William Otter. I might add that I am quoting from sessional paper number 35 of this house for the year 1913. The closing paragraph of that report is paragraph 197, and it reads as follows—but might I ask hon. members to listen to how up-to-date the wording sounds:

> Have not the plaudits awarded for a church or ceremonial parade lulled us into the belief that we are fit and capable for any military strain coincident with invasion, and in the continuance of that assumption, are we not encouraging a rude awakening some day, to find ourselves far short of such a consummation, with the result, irreparable loss?

Mr. Chairman, that was a warning at that time. The warning on that occasion was acted upon, fortunately for the capacity of this country to meet the test at a time when that contribution was extremely important.

The repetition by the minister of statements already made by every hon. member who has spoken, to the effect that our men on active service, in the permanent force, have a type of training which gives us reason for pride as does the manner in which they are conducting themselves, must not be allowed to divert the attention of any hon. members from the fact that the central feature of this discussion has been the reserve training which is recognized as the backbone of our defence and without which the forces now overseas or the forces in the permanent army, air force or navy could not hope to carry out their responsibilities.

Certainly it stirs us to speak with pride of these young Canadians. Those on this side of the chamber speak about it with just as much feeling, confidence and admiration as does anyone on the other side of this chamber. After all, there are members of the family of those on this side of the chamber as well as those on the other side who share that experience. There are a number of us who have had the privilege of visiting these establishments away from Canada and of seeing what is being done there. The very

fact that we can produce units like that is all the more reason why we should decide to get down to brass tacks with regard to the reserve army.

Not one word the minister has said tonight has offered an answer or has given any explanation of the failure of the plans of this government, except one; and if that is the answer, then it is time the minister made another speech to outline completely new plans. What he said was—this is the only point on which he came close to reality with regard to the reserve army—that there is a different situation today from that which was in existence at the time the reserve or militia units, as they were then called, were really up to authorized strength. There is a different situation today. Let us make no mistake about that.

He said that the difference now is that we have a large regular force instead of the few thousand that there were at that time. That is true. We might also recall that this is a much more populous country today. We also might recall that the number of men in the actual service units is only a fraction of the figure that is constantly put before us of the total in the regular force. Let us grasp that fact. The number of young men in the permanent force who are actually in service units is only a fraction of the total that is put before us as the evidence of our contribution in this field. In fact, on the basis of any explanation given, it is still impossible to understand why we need such an enormous staff and training organization for the number we actually have. We are still waiting for some explanation of that situation.

I must say that there is one place where we do not fail, namely, in the spending of money. For instance, we have just learned that Canada is going to spend large sums on a military building in Washington. I do not know whether there is any arrangement by which we are going to have an army of occupation there. Certainly it is difficult to understand why we need to spend more than $2 million for a building down there unless we are contemplating a substantial movement to the United States of armed forces to be served by those who would be going there. Even at present rates you can build something fairly substantial for $2 million; and it is not likely that that figure will be the real one.

Mr. Chairman, not one explanation that has been given has gone to the core of this problem, namely that whatever plans are made should be realistic ones and that there is no reason why this country cannot maintain the reserve forces at the full strength now authorized. May I repeat that I am not saying it should be "at full service strength"; I am saying "at the full strength authorized by the Department of National Defence" and presumably at a figure that they believe will be in camp or will be trained locally. In fact, there could be no justification for carrying out this training on this basis unless that is the intention of the government.

Let us have some explanation of why we carry on with these ineffective plans. Let us find out why it is that there are these discrepancies. Let us know not that there are a number of tanks that can be seen lined up in the way the minister has described tonight. Let us have an answer to the explanation given by an experienced tank officer that there is wholly inadequate armoured training in this country at the present time. It is not tanks in mothballs that we want. It is armoured units trained to use the tanks. That is what we are not getting at this time.

Mr. Chairman, I do not believe that this committee should proceed to the detailed estimates until we have from the minister an answer that does not skirt around this vitally important problem of the training of the reserve and recruitment for the reserve. In spite of what has already been said, I also think we should have before us the report of the three officers who have considered this subject. In this matter I think hon. members opposite have the heaviest responsibility, because they are the ones who can demand it. I would urge them to consider the responsibility of every hon. member in this committee in passing on detailed estimates with regard to reserve training and other training when we do not get the report which every one of us knows deals with this very problem and which in itself may give the answer to this question.

I would hope that the minister would consider this matter over the week end—it is now eleven o'clock—and that when we meet on Monday he will have reconsidered the question of this report which justifies no such secrecy as that with which he is surrounding it. Moreover, I would hope that he will take us sufficiently into his confidence to justify the belief on the part of hon. members that they have at least the basic information required to approach these detailed items with some knowledge of the facts.

Mr. Claxton: Mr. Chairman, the Leader of the Opposition has repeated once more what he said earlier and what was said by other hon. members. I repeat what I said, namely that it was my hope that we would have the consideration of this report sufficiently advanced that we could study the reserve

army when we reach the details which appear at page 308 of the estimates. That is what I said and that is what appears in *Hansard*. I repeat it.

Mr. Drew: Does the minister now mean that we are going to get the whole report?

Mr. Claxton: No. Of course not.

Mr. Drew: We are going to get the report according to the revised version of the Minister of National Defence.

Mr. Claxton: What you are going to get is the decision of the department of the government.

Mr. Drew: Which tells us nothing.

Mr. Claxton: No, no. It just tells you what we have decided. We take the responsibility of acting on the advice. We take the responsibility of asking for the advice and I take the responsibility of not giving the source of information that is given to me, not on a confidential basis but what is actually marked "secret".

Some hon. Members: Hear, hear.

Mr. Drew: Every hon. member who is now applauding this evasion—

Some hon. Members: Hear, hear.

Mr. Drew: Every hon. member who is now applauding this evasion is going to be asked—

Some hon. Members: Hear, hear.

Mr. Drew: —to pass on these statements without any of the basic information, and we do not know whether or not that report is marked "secret".

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we have made good progress this week and I think we can make better progress next week. There is on *Votes and Proceedings* notice of a resolution having to do with the Public Service Superannuation Act. It will be called for His Excellency's signification of his consent on Monday and we would like to proceed with it on either Tuesday or Wednesday so as to have second reading and refer it to the banking and commerce committee for consideration on Thursday, if possible. Subject to that, the business on Monday and Tuesday will be as follows: Second reading of an act respecting inventions by public servants; the resolution with respect to crown corporations; second reading of an act to amend the Radio Act; second reading of an act to amend the National Harbours Board Act; second reading of an act to amend the Opium and Narcotic Drug Act; the resolution with respect to disability pensions; continuation of the debate on second reading of an act to amend the Research Council Act.

When we conclude those items we shall take the budget resolutions, and if all this is concluded before Tuesday night we shall move to go into supply. On Wednesday it will be the intention to take the bills reported from the banking and commerce committee, namely, the Bank of Canada Act, an act respecting banks and banking and the Quebec Savings Banks Act. On Thursday and Friday we shall take interim supply to begin with and then the departments of transport, justice, secretary of state and agriculture.

Mr. Knowles: While we are on the business of the house, may I say a word or two. I hope that the leader of the house will not take it from the fact that we did not draw attention to the fact that it was ten o'clock sixty-five minutes ago that we will adopt the same attitude all next week. Some of us feel that if it is the desire to extend the length of the sitting day it should be done by a proper motion, and speaking for those of us in this group we would rather see that extension in the morning than at night.

Mr. Harris: I move that the house do now adjourn.

Motion agreed to and the house adjourned at 11.05 p.m.

HOUSE OF COMMONS

Monday, May 24, 1954

The house met at 2.30 p.m.

HER MAJESTY THE QUEEN

TRIBUTE ON OCCASION OF CELEBRATION OF BIRTHDAY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, today the people of Canada are celebrating officially the birthday anniversary of our beloved sovereign lady, Her Majesty Queen Elizabeth. In this house we will be manifesting our devotion to Her Majesty by spending the day in further consideration of Her Majesty's business, but before we proceed to do that I would like to suggest, with the concurrence of the Leader of the Opposition (Mr. Drew), with whom I communicated, that we mark the occasion by rising in our places and singing together "God Save the Queen".

Whereupon the members of the house rose and sang

God Save the Queen

RAILWAYS, CANALS AND TELEGRAPH LINES

Seventh report of standing committee on railways, canals and telegraph lines.—Mr. Langlois (Gaspe).

EXTERNAL AFFAIRS

GENEVA CONFERENCE—STATEMENT TO BE MADE BY MINISTER

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, hon. members will have noticed that the Secretary of State for External Affairs (Mr. Pearson) is in his seat this afternoon. He returned to Ottawa late last night after what I understand was a long and rather fatiguing air journey, and he will be reporting to his colleagues at two o'clock tomorrow afternoon. We had hoped there might be a very early occasion arranged for reporting to the house at a time when the house would not have to be content with his report on what had taken place, but would have an opportunity of asking questions and discussing the matters involved in that report.

Thursday and Friday are to be devoted to the consideration of the estimates and we had hoped that the committee on external affairs would have made its report and that these estimates could be called on Thursday to provide an opportunity, in accordance with the rule, both for the report and for questions and discussion.

However, it has been found that Thursday would not suit the convenience of some hon. members who would be very much interested in the proceedings, and I would therefore suggest that we do that on Friday, and that as soon as the estimates are reported by the committee on external affairs they be referred back to the committee of the whole and called for consideration on Friday, when the minister would report on what took place while he was away at Geneva, and when there would be an opportunity for questions to be asked of the minister and for hon. members to take part in any discussion that might naturally flow from that report, and from the questions and answers.

[*Later:*]

REQUEST FOR REPORT ON DISARMAMENT DISCUSSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. When he reports to the house on Friday with respect to the meetings at Geneva, as indicated by the Prime Minister (Mr. St. Laurent), will he also be in a position to report on the discussions on disarmament which took place at London and in which I believe he took part?

Hon. L. B. Pearson (Secretary of State for External Affairs): The discussions to which my hon. friend refers are discussions of a subcommittee of the disarmament committee taking place in London, as he has indicated. When that subcommittee was set up, it was agreed that those discussions should be held in private. As long as they are going on, I do not think it would be appropriate for me to report on their substance. They have been going on now for a fortnight and no public reports have been made by any members of the subcommittee. There will come a time, however—and I hope before long—when I shall be able to report on the result of these discussions. Eventually, of course, the subcommittee will report back to the main disarmament committee of the United Nations.

Questions

INTERNATIONAL RAPIDS POWER DEVELOPMENT ACT

AMENDMENT TO DELETE REFERENCE TO POWER COMMISSION ACT OF ONTARIO

Hon. Lionel Chevrier (Minister of Transport) moved the first reading of Bill No. 460 (from the Senate), to amend the International Rapids Power Development Act.

Motion agreed to and bill read the first time.

QUESTIONS

SOUTH SASKATCHEWAN PROJECT—PAMPHLET

Mr. Coldwell:

1. How many copies were printed by the queen's printer of the pamphlet entitled "The Proposed South Saskatchewan River Development Project" dated April, 1954?

2. What was the total cost of publishing and printing this pamphlet?

3. Was the publication of this pamphlet authorized by the Minister of Agriculture or the deputy minister of agriculture?

4. If not, who authorized the publication of this pamphlet and did such person consult with the Minister of Agriculture or deputy minister of agriculture before taking such action?

Mr. McCubbin:

1. 2,000.

2. $84.74.

3. The original authorization of the publication of a pamphlet on the South Saskatchewan river development project was made in 1949. This was a reprint, brought up to date, on authorization of the director of P.F.R.A.

4. See answer to No. 3.

POST OFFICE—VACATION LEAVE

Mr. Knowles:

1. At how many post offices in Canada are supervisory letter carriers given, in addition to a pay differential, priority over letter carriers on regular walks in the choice of time for annual vacation leaves?

2. What are the names or locations of such post offices?

3. At how many post offices in Canada is the choice of time for annual vacation leaves among letter carriers strictly on a basis of seniority as to length of service?

4. What are the names or locations of such post offices?

5. Does the Post Office Department follow one practice in some offices and another practice in other offices in respect of the above matter?

6. If so, by what authority?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. 26.

2. Montreal, Edmonton, Halifax, London, Victoria, Fort William, Fredericton, Kingston, Oshawa, St. Catharines, St. John's, Sherbrooke, Sudbury, Drummondville, Galt, Kamloops, Nanaimo, North Bay, Sarnia, Stratford, Trail, Truro, Woodstock, Ont., Kenora, Nelson, Willowdale.

3. At 86 offices selection for annual vacation leave is made on a seniority basis in the combined classes of supervisory letter carrier and letter carrier.

4. The offices referred to in 3 are the following: Arvida, Barrie, Belleville, Brandon, Brantford, Brockville, Burlington, Calgary, Campbellton, Cap de la Madeleine, Charlottetown, Chatham, Chilliwack, Chicoutimi, Cobourg, Collingwood, Corner Brook, Cornwall, Dundas, Fort Frances, Granby, Grand'Mere, Guelph, Hamilton, Hull, Joliette, Jonquiere-Kenogami, Kelowna, Kitchener, Leamington, Lethbridge, Levis, Lindsay, Magog, Medicine Hat, Midland, Moncton, Moose Jaw, New Glasgow, New Westminster, Niagara Falls, Oakville, Orillia, Ottawa, Owen Sound, Pembroke, Penticton, Peterborough, Port Alberni, Port Arthur, Port Colborne, Port Credit, Port Hope, Preston, Prince George, Prince Rupert, Quebec, Red Deer, Regina, Riviere du Loup, Saint John, Saskatoon, Sault Ste. Marie, Shawinigan Falls, Simcoe, Smiths Falls, Sorel, Sydney, St. Hyacinthe, St. Jean, St. Jerome, St. Thomas, Thetford Mines, Thorold, Toronto, Trenton, Trois Rivieres, Valleyfield, Vancouver, Vernon, Victoriaville, Wallaceburg, Waterloo, Welland, Windsor, Winnipeg.

5. Yes, to facilitate the application of the five-day 40-hour week.

6. The Postmaster General.

TRAINING OF NURSES, SASKATCHEWAN

Mr. Studer:

Has any action been taken by the federal government toward the special training of nurses for the handling of poliomyelitis cases in the province of Saskatchewan?

Mr. Martin:

Yes. Under the national health grants program the federal government has just decided to pay almost $1,700 to the province of Saskatchewan to cover the cost of bringing 20 nurses from strategically located areas in that province to Regina for an institute on the latest nursing care of chronic poliomyelitis patients. The funds also meet the cost of bringing a special highly skilled consultant in this field from Seattle. The federal grant covers honorarium, maintenance and travel expenses for the consultant from Seattle, and travelling expenses and per diem allowance for all nurses coming from hospitals outside Regina to attend the institute.

SEMI-STAFF POST OFFICES

Mr. White (Middlesex East):

1. What provision is in effect to make practical in semi-staff post offices the 40-hour week?
2. Will time off work be allowed to compensate for overtime served in semi-staff post offices?
3. Will extra pay for overtime be granted?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. None. The five-day 40-hour week does not apply to semi-staff post offices.
2. Yes.
3. See answer to No. 2.

ROSEHALL NURSERIES LIMITED

Mr. McWilliam:

1. What contracts between Rosehall Nurseries Limited of Brantford, Ontario, and Central Mortgage and Housing Corporation have not been completed and where are the uncompleted projects?
2. Is there any completion date set for these projects?

Mr. Bourget:

1. One contract. Federal provincial project at Windsor, Ontario.
2. No.

FISH RESTOCKING, NORTH SASKATCHEWAN RIVER

Mr. Diefenbaker:

In view of the serious depletion in the numbers of fish in the North Saskatchewan river, in consequence of the recent pollution, will the government give consideration to restocking that river with pickerel, pike, perch, goldeye, etc.?

Mr. Bourget: Under the natural resources transfer agreement of 1930 the prairie provinces administer their fisheries, including hatchery services.

Stocking the North Saskatchewan river is, therefore, a matter of provincial responsibility.

QUESTIONS PASSED AS ORDERS FOR RETURNS

VETERANS HOSPITAL, STE. FOY, QUEBEC

Mr. White (Hastings-Frontenac):

1. Were tenders called for the construction of the new veterans hospital at Ste. Foy, Quebec?
2. If so, what were the names of those who submitted tenders?
3. What was the amount of each tender?
4. To whom was the contract awarded, for what amount and on what date?
5. When was the contract completed?
6. What is the total cost of the hospital to date?
7. How many hospital beds are provided?
8. Is any further amount required to complete the hospital?
9. If so, what amount?

METAL MAIL BOXES

Mr. Balcom:

1. What is the average cost of the metal mailbox as used in (a) urban districts; (b) rural districts?

2. How many of these boxes were purchased in the years 1951, 1952 and 1953?
3. How many were distributed for use in each of the above years?
4. Where were the mail boxes manufactured?
5. What were delivery charges on mail boxes to Vancouver and Halifax?
6. When last were tenders called, where and how?

MOTION FOR PAPERS

TELEVISION APPLICATION, HULL, QUE.

Mr. Gagnon:

For a copy of all correspondence exchanged between the Department of Transport or any agency under that department and the CKCH Hull Broadcasting Company Limited and the Canadian Marconi Corporation, in connection with a project for the installation of a television station for the Hull-Ottawa district.

Mr. Langlois (Gaspe): I would ask that this motion stand.

Mr. Speaker: Motion stands.

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO PROVIDE PAYMENT OF DEATH BENEFITS UP TO MAXIMUM OF $5,000

Hon. Stuart S. Garson (for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Public Service Superannuation Act to provide for the payment out of the consolidated revenue fund of death benefits up to a maximum of five thousand dollars for the spouse, or the estate

(a) of a public servant,

(b) of a member of the regular forces,

or in certain circumstances,

(c) of a former public servant, or

(d) of a former member of the regular forces,

where the public servant, member of the regular forces, former public servant or former member of the regular forces has paid contributions into the consolidated revenue fund.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF MORE THAN ONE DEPUTY COMMISSIONER, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Royal Canadian Mounted Police Act to provide for the appointment of more than one deputy commissioner and also to provide for the granting of pensions to certain officers and men not at present eligible.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

POST OFFICE

CLOSING OF LOBBIES TO BOXHOLDERS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Postmaster General whether any decision has been made generally effective to close lobbies in post offices where boxholders would normally have access to their boxes on Sundays and on any other days? If that is the case, does the decision also apply to other public holidays?

Hon. Alcide Cote (Postmaster General): I am not aware of it. My hon. friend is asking a general question. I know I have considered particular cases. If my hon. friend will give me some more details with regard to the case he has in mind, I shall be glad to investigate it.

[*Later:*]

Mr. Fulton: May I ask the Postmaster General a supplementary question? From what he has told me, should I understand that if, in any particular case, a lobby is closed on Sunday, that would be only a particular case and not part of the general procedure laid down by his department?

Mr. Cote: No, Mr. Speaker; I did not say that. I cannot give a definite answer to a general question such as that asked by my hon. friend. We have to take into consideration the hours of work performed by the postmaster. The same cannot be said for all post offices all over the country. There might be some post office where the question that is asked might be considered. I shall be glad to discuss the question with my friend in that particular case.

Mr. Fulton: My point is this—

Mr. Speaker: Order. May I suggest to the hon. member for Kamloops that he could perhaps discuss this matter at further length when the estimates are before the house.

GRAIN

UNITED STATES SELLING POLICY—EFFECT ON CANADIAN PRICES

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): I should like to direct a question to the Minister of Trade and Commerce. Has the minister's attention been drawn to "The Washington Story" by Shane MacKay in Friday's Winnipeg *Free Press* under the heading of "World Sale of Feed Stocks Gets Subsidy"? Can the minister indicate what effect this offering of these surplus stocks will have on Canadian prices of rye, oats and barley?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am aware of the fact that the United States have announced a policy of selling their coarse grains at world prices. It is difficult to assess the effect of this policy until we can be sure just what they mean by "world prices". We believe that we have been selling our coarse grain at world prices. If the United States simply dropped down to our prices, and if it is just a case of dropping down that far, the effect will not be serious. However, we dislike programs of subsidizing exports of any kind. All I can say is that we are watching the situation closely.

[*Later:*]

Mr. O. C. Trainor (Winnipeg South): I should like to direct to the Minister of Trade and Commerce, a question supplementary to that of the hon. member for Mackenzie. Would the minister care to comment on the press report that bids for Canadian feed grain have been withdrawn as a result of the policy announced by the United States to which he referred?

Mr. Howe (Port Arthur): I have no knowledge as to whether or not bids have been withdrawn. I know we have sold an unusual amount of coarse grains within the last ten days, but whether recent bids have now been withdrawn I cannot say.

IMMIGRATION

CANADA'S ONE MILLIONTH IMMIGRANT

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Can the Minister of Citizenship and Immigration tell us whether Canada has received her millionth immigrant; and if so, who he or she was and from what country that person came?

Hon. W. E. Harris (Minister of Citizenship and Immigration): It is a fact that the one millionth post-war immigrant has arrived in Canada, but no one seems to know who he or she might be. I presume my hon. friend has been reading the press reports on this subject and feels obliged to ask about it. We did give some consideration as to whether or not we ought to recognize the one millionth immigrant. However, we felt that this was a continuing policy and that it would perhaps

not do any particular good if we recognized one more than another. We feel that they are all good, all desirable and all welcome.

WHEAT

INQUIRY AS TO RAISING OF MARKET QUOTAS IN WEST

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. Is he in a position to say now what are the prospects of the market quotas for wheat being generally raised throughout the western provinces in order to provide additional cash for the farmers at this time of year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, it is possible at this time to speed up deliveries from the country. I am told that the outstanding orders for the forwarding of grain will take care of all points that have not as yet reached the five-bushel quota. Over and above the five-bushel quota, considerable progress is being made in bringing all points up to the seven-bushel quota. We believe that situation can be achieved in due course.

The difficulty is that we have a great preponderance of No. 2 northern wheat and there is a limit to the extent that we can block up our facilities in the east by filling them with No. 2 northern wheat. However, we now have a sufficient movement of No. 2 northern wheat to enable us to clean up the five-bushel quota points. I point out to hon. members that the specified acreage is about 70 million acres. On a seven-bushel quota that in itself will amount to a delivery of about 500 million bushels. The special quotas deliverable to coarse grains and for other purposes will raise that amount by at least another 50 million bushels. Hence after we reach the seven-bushel quota we shall be working on total deliveries of over 550 million bushels whereas the average deliveries over the past ten years have been about 510 million bushels.

HOUSE OF COMMONS

REASONS FOR SITTING ON QUEEN'S BIRTHDAY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): In view of the appropriate remarks made by the Prime Minister at the opening of our sitting, I should like to direct this question to him. Will he inform the house as to the reasons why members of the House of Commons and not the Senate, the House of Commons staffs and not the Senate staffs, and the press employees in the building must carry on their normal duties on the day which commemorates the birthday of our Queen, in contravention of the normal practice of government and business on this day?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the proceedings of this house are regulated by the members of the house, and the same is true of the proceedings in the other place. I have been here now for several years and it has been my experience that when parliament was in session on the day fixed for the celebration of the sovereign's birthday this house manifested its devotion to the sovereign by continuing on that day to consider public business.

POWER

SAINT JOHN RIVER—REPORT OF INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): May I direct a question to the Minister of Transport? When may we expect the detailed report of the international joint commission which recently recommended in favour of a $200 million power development on the Saint John river basin?

Hon. Lionel Chevrier (Minister of Transport): The international joint commission reports to the Secretary of State for External Affairs and not to me. I have had a word with him about this question, and I think he would want to consult the chairman of the international joint commission before reporting to the house whether or not the report in question can be tabled.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—LETTER FROM PREMIER OF SASKATCHEWAN

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister. Has the government received a communication in the last few days from the premier of Saskatchewan or the government of that province undertaking to accept responsibility for one-half of the cost of the South Saskatchewan river dam and irrigation project? If so, what consideration has been given to that suggestion?

Right Hon. L. S. St. Laurent (Prime Minister): The last communication from the premier of Saskatchewan of which I have any knowledge was, I think, on the 28th of April, and that is not quite the form the proposal from the government of Saskatchewan takes. It may be that some would be of opinion that what is involved in the portion of

the work that the province would be prepared to undertake would amount to one-half of the cost of the whole power and irrigation project. I have not made that calculation. However, the proposal as submitted is still before the government for consideration and no decision has been arrived at. It has been under active consideration, and I hope it will not be long before we will be able to send a reply to the premier of Saskatchewan.

Mr. Diefenbaker: In view of the fact that the press has made certain references to this letter as given out by the premier of Saskatchewan, would the Prime Minister care to table the letter received from him so that the facts will be clear from that letter?

Mr. St. Laurent: I do not think we would have any objection to the letter being tabled, but of course we would not do that without communicating with the premier of Saskatchewan to find out what his views about it might be. But I see no objection to publicity being given to the letter. As far as the federal government is concerned, the matter is one that has to be dealt with on the basis of the national interest of the whole country, and unless there were some reason, such as the letter being part of negotiations that may be varied, I would see no objection to its being made public. However, we would have to communicate with the premier of Saskatchewan before making it public because I personally would not consider that was the final word from the government of Saskatchewan about the project.

Mr. Argue: I wonder whether the Prime Minister would be prepared to table the government's letter to the premier of Saskatchewan whenever that letter is sent.

Mr. St. Laurent: That will depend upon certain considerations. If the two letters constitute a disposal of the question there would be no objection to making them public, but if they are part of negotiations that are still proceeding then it is usually preferable to wait until something final has developed before making all the stages public.

Mr. Diefenbaker: Mr. Speaker, may I point out that apparently a summary was given out by the premier of Saskatchewan, and under those circumstances I would feel that, regardless of whether or not the letter was in the nature of negotiations, we should have the facts and realize what is taking place. Even if there were negotiations—

Some hon. Members: Order.

Mr. Speaker: Order. I know this is a very important question, but there have been three questions and three replies. The hon. member is now making his own observations on the appropriateness of tabling part of the correspondence or all of the correspondence and so on. This is not in order at this time in our proceedings. There may be occasions when the hon. member may discuss this very point at great length. I am not suggesting that he should not, but not at this time. If the hon. member wishes to ask a supplementary question—

Mr. Diefenbaker: On a question of privilege—and I speak on a question of privilege for the members of the house—this is a matter of importance, and the Prime Minister said that because negotiations might be going on—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Diefenbaker: After all, Mr. Speaker, you do not need that assistance.

Mr. Speaker: Order.

Mr. Diefenbaker: The Prime Minister said that in view of the fact that negotiations were going ahead the communications might not be produced to the house under those circumstances. I submit that whether or not negotiations are going on is no justification for refusing to produce the documents.

Mr. Speaker: If the hon. member had said at the opening of his remarks that he was making them on a question of privilege I would have allowed him to proceed. At this moment, since he has made his statement, I think he will agree that we should now proceed with other business.

Mr. Ferguson: On a question of privilege, if we are going to delay important questions until later we may not have time to discuss them unless members of the house are willing to sit during July. Important questions should be discussed now.

Mr. Speaker: Order.

PUBLIC SERVANTS' INVENTIONS

PROVISION FOR OWNERSHIP, MANAGEMENT AND PAYMENT

Hon. J. W. Pickersgill (Secretary of State) moved the second reading of Bill No. 444, respecting inventions by public servants.

Mr. Fulton: Has the minister in mind adding to what he had to say at the resolution stage?

Mr. Pickersgill: I do not really think there is anything to add to what was said at the resolution stage. The explanatory note puts very succinctly the purpose of the bill, which is to substitute a uniform legislative scheme for the various provisions on the subject

contained at the present time in four different statutes. If I may have your permission to refer to the sections, Mr. Speaker, the principle of the bill, which is set out in the third section, is that under the three circumstances set out there inventions made by public servants shall be the property of the crown.

I believe, sir, that explains everything except what it would be more appropriate to explain in committee on the clauses of the bill.

Mr. E. D. Fulton (Kamloops): I do not believe there is any reason for us, Mr. Speaker, to press the minister to make a statement at any greater length, although there are certain changes to be made by the bill that are quite far-reaching. It might have assisted the discussion if the minister had given us a general survey of their effect. However, I feel that although it may somewhat lengthen proceedings to do it that way, it can be done by discussion in committee. There is one observation I want to make and that is that, so far as my own study of the changes made now indicates, there would not appear to be in the legislation anything to which we would take vigorous exception. There are one or two points I should like to make when we have reached the appropriate sections.

There is, however, one point to which my remarks do not apply, and that concerns the power given to the governor in council to make rules of practice and procedure concerning appeals to the exchequer court. I mention that now lest it might be felt, from the fact we have not said anything about it, that we find the whole bill acceptable. However, since that is a point of detail, the appropriate time to raise the objection and press it will be in committee on the section. I shall reserve any further remarks until that stage.

Mr. J. T. Richard (Ottawa East): I feel Mr. Speaker, that I should make a few observations on this bill at this time. You will recall that some time ago, during the introduction of an amendment to the Patent Act, I mentioned the situation of public servants who had invented something while employed by the crown and who had complained on many occasions of the treatment that had been accorded to them. For some time I thought this matter might not come up again because it could be considered by the royal commission studying the Patent Act in the near future. However, I can quite appreciate that this house can dispose of the question without consideration by the royal commission, and since the minister has elected to do so I should like to say a few words about the bill.

While it may be easy for some officials to understand, the house as a whole might not be so well informed as to the implications of the provisions of this bill. We are dealing with a patent which is a reward given to an inventor for having disclosed his invention to the public. In the ordinary course of events, Mr. Speaker, a patent is granted freely to any inventor in this country, provided he is the first inventor and makes a sufficient and proper disclosure. In the ordinary course of master and servant, the problems are not too difficult. The invention belongs to the servant, whether or not he has invented something on the time of the master, whether or not he has done so with the machines or tools of the master. The only thing the master usually gets, unless there is a specific contract, is an equity in the invention or the use of the invention for his own purposes, depending on the specific contract, and some benefits from the invention.

The relationship we are considering today, however, is that of the crown and crown employees. This makes the situation more difficult. As between an ordinary person and the crown, the crown can use the invention subject only to such award as might be made by the commissioner of patents. Now, the crown wishes to establish a proper relationship between the crown and the inventor who is a public servant, and that makes the situation quite complicated. The complication arises in view of the fact that the whole system of patents is based on the reward to an inventor for making his disclosure to the public, and because the intention of this bill is to put the servant of the crown, not in an inferior position but in a different position from that of the ordinary servant in relation to his master.

As I stated before, we are interested here in the relationship between the crown and its employees. The distinction being made in this bill, and an important one, is to define what inventions shall belong to the crown and what inventions shall not. The definition, therefore, that may be given in the bill will be of great importance. I quite appreciate that the purpose of this bill, generally speaking, is to cover certain specific cases in which inventors, who are servants of the crown, made inventions while they were employees of the crown and have not acknowledged their inventions to the departmental minister. The provisions of this bill should not be made so strict as to discourage civil servants from giving of their best, so that the public at large may get the benefit.

Inventions by Public Servants

The provisions in our act now are rather stringent. Broadly speaking, we have a provision in the Patent Act, that is section 47, which states:

> Every patent granted in respect of an invention made by a person while employed in the public service of Canada, and relating to the nature of his employment is . . . subject to the following conditions:

Generally speaking, the conditions are that the crown is declared to have an interest, and that any royalties derived from the said patent will be divided between the servant and the crown. There is another important provision which may not appear in this bill, covered by subsection 4 of section 47, which says:

> Nothing herein contained shall be construed to restrict the right of the inventor to the full enjoyment of his invention outside of Canada.

Now, that is the general situation of an inventor who is a servant of the crown. There is also, however, the National Defence Act, Atomic Energy Control Act and the Research Council Act, which specifically cover the employees of these departments, and which contain stringent regulations. I believe that is understandable because these employees, by their duties, are inventors for the crown. Those acts specifically state that any invention by employees working under those acts belongs to the crown. I thought I should mention those facts in order to illustrate that this situation is not new.

There are broad provisions in the Patent Act covering civil servants, and specific provisions in the other acts covering servants of the crown who are research men. The point now, then, is to find out what is the appropriate course to follow. As I understand it, the government would like to have more uniform legislation on the subject. As I said before, however, the rights and benefits accruing to public servants should not be fettered or reduced so as to discourage them from making further inventions in the public interest. The most important element is that any invention that is not of a type relating to the employment of the civil servant should not be restricted by this bill. This bill should set forth in absolute terms the inventions to which the crown shall have an absolute right, but I am hoping that this definition will release all public servants who are not, by the nature of their employment, directed towards improving and devising new methods, articles or processes. That is the most important part. As I said before, I have no quarrel with restrictions being imposed on people who, from the nature of their employment, are research men.

The second important part, no doubt, is the protection of the rights of any public servant against delays by the minister in deciding whether an invention is or is not of a class which the crown claims to own. An inventor, whoever he may be, should have the right to apply for his patent in Canada. He probably would not go to the expense of doing so if he thought the patent should belong to the crown. But, in any event, any delay in filing an application would be prejudicial in establishing prior conception rights and protecting treaty rights involved in the invention, whether to the crown or to the public servant himself.

I have already mentioned to the minister that the inventor, who is a civil servant, a public servant, might not be restrained from filing an application as soon as he desires.

Another point involved in a patent matter of course is the use of the invention abroad. It is doubtful if the ordinary gratuity which would be granted a civil servant would really cover the value of his invention for use abroad; and in this case under the present bill as I understand it the crown would have the right to the invention the world over. That is understandable. But I wish to point out that it would be hardly fair for the crown to hold the right to inventions universally and not to exercise its right to take out patents in other countries without giving the opportunity within the required time to the inventor to do so.

Perhaps hon. members know that most countries require that application be filed in another country within one year of the filing date in Canada. So if the crown elects not to file the application outside of Canada after the year, we would simply be giving the benefit of the invention to other countries for nothing, whereas we probably would be in a position to charge royalties to our own people within this country. I am sure the minister will bear this point in mind.

I do not wish to deal in detail with the matter of compensation. Under the present statute, in the Patent Act, the right of the ordinary public servant is preserved. There has been no complaint about that and, I believe, there have been no serious difficulties. The public servant is entitled to share his royalty with the crown in accordance with the decision of the commissioner of patents.

I do not know what benefits have accrued to inventors under the other statutes—the National Defence Act, the Research Council Act and the Atomic Energy Control Act.

These matters have not been made public, and I do not know how satisfied or dissatisfied employees are. But apparently they must

be satisfied because there has been no mention, at least publicly, of their dissatisfaction. In any event, there is also the fact that people who are not affected by those acts seem to have been satisfied by the supervisory provisions of the Patent Act, as set out under section 46.

These, therefore, are the general problems involved in the bill. The other acts which deal with other departments are well directed, and it is difficult to associate inventions of ordinary inventors with inventors who are of the research type. I wish the house to bear in mind that under a bill of this kind a cleaner or a stenographer, a physicist or a medical doctor would all be treated in the same way. They would all have to submit their inventions to their ministers, of whatever nature such inventions might be, before filing application. And such filing could not be made without the consent of the minister.

That is why I stated in the beginning that any delay caused by the decision of the minister might have serious consequences for the inventor who invented something of a type which the crown should not hold.

Another point that should be kept in mind is that if the provisions of this bill are carried through, necessarily there will have to be an organization to carry out the provisions properly. It cannot be done haphazardly. There should be a central authority to decide which patents are of a type belonging to the crown. Such authority should decide the type of invention which must be retained by the crown or given back to the inventor. That same authority should decide what gratuity there should be, and also should take appropriate action through a patent solicitor to patent the invention either in Canada or throughout the world, and also to defend lawsuits or to take lawsuits or legal action, wherever necessary. That is, in effect, putting ourselves in the patent business.

While I do not wish to deal with this question in detail, it does bring up a very tricky subject. There are definite facts and opinions on both sides as to whether the crown, once it has expended public money on research, should hold a patent and collect royalties from those who exploit the patent for commerce, or whether it should simply give the benefit freely to the people, and let the inventor have his benefits outside, if he can.

As I said before, I do not wish to take the time to discuss that problem at length. Just the same, however, it does involve the question as to whether the crown, as such, should go into the business of holding, maintaining and licensing patents. Obviously it is done under the Research Council Act. Probably it can operate in certain circumstances. And since the matter is not involved here I will not discuss it further.

However, if this bill is to be implemented properly, then a proper organization should be established. At present the departments apply through different solicitors for their own patents. They have different methods of doing it. It might be that, in the opinion of those who are looking forward to proper development, the patent office in time should have a staff equipped to settle all these problems, and that the commissioner of patents, as he does under the old act, should have to settle what inventions belong to the crown, what gratuity should be allowed, and say who should apply for patents in the right of the crown. These of course are matters for regulation and are not matters known to those who are discussing the bill.

In conclusion I have only one further point to make. As I said earlier, I do not know how employees of the government feel about this bill. I have no reason to believe that they are not satisfied; I have no way of knowing that. However, I do appreciate the desirability of protecting the interests of the crown in respect of inventions which are directly connected with the kind of employment carried on by public servants. At the same time I am interested in protecting the ordinary individual who, while employed by the crown, develops an invention which is not of that type. I am also interested in servants of the crown who have invented new processes or new articles of manufacture or new compositions of matters which are related to their employment. I should like to see them get a proper gratuity. That is another important point.

If I have searched too deeply I apologize to the house; but since this subject matter is germane to my usual calling I thought I should bring those matters to the attention of the house. I have no doubt that the minister will appreciate that in doing so I am trying to assist him.

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. J. W. Pickersgill (Secretary of State): I think I ought to say just two words about what the hon. member for Ottawa East has just said, particularly about one of the points he has made. There is no desire whatsoever on the part of the government to abridge the rights of public servants as citizens any more than is necessary to protect what under the principle of this bill are felt to be the appropriate rights of the crown.

My hon. friend drew my attention to the fact that one subsection of section 4 of this bill did appear to go beyond that point, and I thought I ought to indicate now, before we go into committee, that when we go into committee I propose to ask one of my colleagues to move an amendment to that section which will leave to public servants the right to file an application for a patent in Canada without the consent of the minister, so that there will be no excuse for saying that the government or the minister is delaying the filing of the applications. It does seem to me that lawyers sometimes, if the Minister of Justice (Mr. Garson) will permit me to say so, are a little excessive as draftsmen in their desire to accomplish the objects of some of our legislation, and it seemed to me that this was one case where we could indicate right away that they appeared to have gone a little further than was strictly necessary.

Mr. Fulton: I hope the minister understands that this will be taken down and used against him or against the government.

Mr. Pickersgill: The hon. member for Ottawa East has perhaps more experience with patents than any other member of the house, or at least as much, and we are all grateful to him for the interesting and thoughtful contribution which he has made to the consideration of this bill.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Definitions.*

Mr. Diefenbaker: Will the minister give the committee some statistics showing the number of inventions that have been made in the last three years by servants or officials of the crown? What has been paid by way of remuneration, compensation or reward to such servants? In particular, what has been the largest and the smallest payment?

Mr. Pickersgill: I do not think I can answer that question precisely as the hon. member asked it. I do not think there exist in any one place details as to the number of inventions by public servants because, under the present legislation, there would be no particular incentive for keeping them in that way.

On the question of compensation for those inventions that are vested in the crown, I have some information that I think I can give to the committee that would pretty well answer the question. Under Atomic Energy of Canada Limited, inventions are all handled by a crown company called Canadian Patents and Development Limited, and I am advised that this company received $679.50 from royalties in 1952 and has had no payment since. Because the royalties have been so small and have not been regular, no system of paying inventors for inventions has been established. It is pretty obvious why this is so. In the case of Atomic Energy of Canada Limited, nearly all their inventions are secret and there is almost no way in which they can be commercially exploited. That is not quite universally true.

Mr. Diefenbaker: Has the minister the record from the other departments?

Mr. Pickersgill: I was coming to the research council. The present procedure in the research council is that a regular bonus or royalty is payable to the inventor, which may not exceed 5 per cent of royalties received from the invention. I understand there is some uncertainty as to whether that rather rigid rule is really desirable, or whether there should not be a little more consideration given to the real merits of individual cases. During the two-year period from April 1, 1952, to March 31, 1954, the council paid out a total of $1,480.44 to nine different inventors in accordance with the regulations. I am just advised that the complete figures from 1949 to 1954 are $9,914.01. Therefore no great fortunes are being made by these inventors.

Mr. Diefenbaker: What is the largest?

Mr. Pickersgill: I am informed that the largest amount is about $3,500. I have some information about the Department of National Defence. The amounts in all these cases are very small.

Mr. Fulton: Are these the royalties or awards?

Mr. Pickersgill: These are the awards.

Mr. Diefenbaker: Certainly they do not get much reward.

Mr. Pickersgill: In the case of the research council and atomic energy which are the most considerable, they represent about 5 per cent net of what the royalties would have been. Up to now no very great sums have been involved. I am informed that during the fiscal year April 1, 1953, to March 31, 1954, in the Department of National Defence a total of $425 was paid in awards to five inventors, two of these being co-inventors. The awards ranged from $50 to a maximum of $200.

Mr. Diefenbaker: I hope that when this bill is passed the awards will be different from what they have been in the past, because those awards are picayune and certainly they are no incentive to an individual to maintain

the law. Under the section in question, which we are not dealing with at the moment, it is provided that there shall be a penalty of $500 for failure of a public servant to give notice to the minister of an invention. Certainly the awards so far would not indicate that reward for incentive that public servants have a right to expect; for after all they are making a tremendous sacrifice. Many of those scientists are making a tremendous sacrifice, and an award not exceeding $3,000 in one case, and apparently many smaller awards of a few dollars to an individual, are scarcely in keeping with the rewards that a public servant would receive if he were not in the public service.

Mr. Pickersgill: I should like to say a word about that. After all, most of these inventions are made by people in the research council who may not be getting much reward for the incidental inventions which they make; they are being provided with really quite remarkable facilities for the development of their own potentialities by the taxpayers of Canada and with facilities for doing their own work on a scale which, had it existed when I was an undergraduate, would have been very tempting to me.

Mr. Richard (Ottawa East): Mr. Chairman, I can appreciate what the minister has just said, but we are talking now about the research council and the nature of the research council. The statute as it exists now is absolute and states that any invention belongs to the research council with the provision that gratuities will be paid by the council. However, apparently the system as regards awards and dividends depends on what profits can be made from the marketing of the invention. That comes back to the original point I raised in the latter part of my speech a few moments ago. There surely would not be much purpose in speaking about awards or gratuities for civil servants on inventions made while they are employees of the crown, because I do not think that if the award is based on a percentage of the profits made by the crown organization in exploiting patents such profits could not be very large, and it certainly goes against my principles that the crown should exploit such patents. The crown grants patents, and that it should exploit something which it grants is something about which I am not too happy. However, I hope that this new bill when enforced will bring about a different attitude to the whole system, and that awards will be based on the contribution made by the inventor to the development of research or public manufacture in Canada so that if the crown does not see fit to exploit a patent the inventor shall not lose and will not gain any less than he might have gained under the present system in regard to the Patent Act. As I said before, I am not surprised that the amount is not greater because it is based on a system of net profit and I should not expect that the net profit of the exploitation of the crown patent could be very large.

Clause agreed to.

On clause 2—*Interpretation.*

Mr. Fulton: Mr. Chairman, paragraph (b) defines department, and the effect of that, of course, is to provide that a public servant engaged in any department defined according to the act shall come within the scope of the act with respect to the inventions he makes. Now, "department" is defined under this paragraph as follows:

> (b) "department" means a department as defined in the Financial Administration Act, and includes a crown corporation named in schedule C to that act;

Under the Financial Administration Act department means:

> (i) any of the departments named in schedule A,
> (ii) any other division or branch of the public service of Canada including a commission appointed under the Inquiries Act, designated by the governor in council as a department for the purposes of this act,
> (iii) the staffs of the Senate, the House of Commons, and the library of parliament, and
> (iv) any corporation named in schedule B;

It will be noted therefore that under the definition of department given in this bill the departments which are contained in schedules A and B and C of the Financial Administration Act are departments for the purposes of this bill plus any such independent board or commission the governor in council may designate under the Financial Administration Act. But by and large, the effect of that is that none of the departments or agencies mentioned under schedule D of the Financial Administration Act come within the terms of this bill. I would like to know what reason there can be for leaving out schedule D, because under that schedule there are included such agencies as the Canadian Broadcasting Corporation, Eldorado Mining and Refining (1944) Limited, and so on, and various other agencies which are commonly designated as crown corporations.

Now, the employees of these corporations are not going to come within the terms of the bill even though the inventions they made actually come within the scope of their employment and are made with facilities provided by the corporation. Such employees will not be covered under this Public Servants Inventions Act, whereas an invention made by an employee of, let us say, Canadian Arsenals, the federal district commission or

the Park Steamships company would be inside the purview of this bill. I cannot see why an employee of the Canadian Broadcasting Corporation, to take an example, who makes a discovery or an invention with respect to television or broadcasting with facilities provided by the corporation should not be covered in the same way as an employee of any of the other ones named under schedule C such as Defence Construction Limited, or the Crown Assets Disposal Corporation though I do not suppose an employee of that corporation would make an invention. However, the same thing might be said with respect to the Trans-Canada Air Lines where an employee might make an invention with facilities provided by his employer. If it is fair to include one, I do not see why the other should not be included and I hope the minister can give us an explanation.

Mr. Pickersgill: I think the explanation is that these companies under schedule D are companies whose employees are not public servants. They have budgets of their own and they manage their own affairs and they may, like any private corporation, have some arrangement of their own with the employees who may make inventions; but such employees are in no sense public servants and are therefore not included.

Mr. Fulton: I do not think the minister has dealt with the point adequately. Here I agree with the hon. member for Ottawa East that while it is desirable that inventors should have facilities provided by the crown and in accordance with their employment with the crown, it is also desirable that the crown should be protected. Nevertheless, I think it is necessary to be fair to the inventor. While it is true that some of the corporations named in schedule D are separate corporations and have their own budgets and so on, it is not correct to say that none of them are supported by public funds, because I think the Canadian Broadcasting Corporation, which receives funds directly from the taxpayers of Canada through excise tax payments on the purchase of radio sets and appliances, which device was adopted within the last year to provide an alternative method to the annual grant which parliament used to offer the corporation, most certainly receives a very substantial portion of its revenue from the public through payment of taxes, as distinct from Polymer which is now a self-sustaining corporation and obtains its revenue through the sale of its products. I do not want to pick any corporation out in particular, but the Canadian Broadcasting Corporation occurs to me as the best example of the sort of thing I have in mind, and I cannot see why an employee of the Canadian Broadcasting Corporation, which is a corporation supported directly by the taxpayers of Canada, should not have the same advantage with respect to the invention he may make as that afforded to employees of the other corporations named under schedules A, B, and C of the Financial Administration Act.

Mr. Pickersgill: Mr. Chairman, I think I can answer the hon. member very easily on that point, particularly on that example. Parliament in its wisdom passed a statute in 1936 called, I believe, the Canadian Broadcasting Act, and it established a corporation which was to be managed and operated by a board of governors and to have employees of its own quite independent of the government. Whether it derives its capital from one source or from another, its employees are not public servants and none of the laws applying to public servants applies to it. It was felt that an act of this kind which deals with what are, by definition, public servants should not be extended beyond the people who are defined as public servants. Moreover, I am not at all sure—I have no knowledge of what the practice is in the C.B.C.—that, like many corporations, it may not have arrangements with its employees about inventions, as many large corporations have. Whether they have any advantage over public servants or not, I am not now in a position to say; but I would greatly doubt it.

Mr. Fulton: That last fact hardly seems to me to apply because if it is going to be argued that one reason why it is not necessary to include them within this bill is that they have arrangements with their employees, one could make the same argument and say that the other crown corporations which are included need only make arrangements with their employees, and then they should also be exempted from the bill. I do not think the minister's argument there has any application to the particular circumstance. The fact is that these corporations are recognized and included in a schedule for the purpose of the Financial Administration Act. So they are recognized in the Financial Administration Act as crown corporations. It is nonsense to say that because they are employed in self-sustaining public corporations they are not public servants, because they are in the public service in very important respects, particularly those who, as I have pointed out, in the C.B.C. are employed by a corporation whose activity is in large measure directly financed by the taxpayer. Therefore, I should like to see the minister amend the act so as to include at least some of these corporations in schedule

D. On the other hand, I suppose that if it is possible that the employees of these corporations may receive, by being omitted, advantage which is not granted to the employees of these corporations which are included, then the pressure and agitation on the part of the employees themselves who feel themselves discriminated against, if there should be such discrimination, will eventually result in a new look being taken at the matter. I think it might save time to do it now; but, having made my point, I will not press it further.

Clause agreed to.

On clause 3—*Inventions vested in Her Majesty.*

Mr. Richard (Ottawa East): Mr. Chairman, I am thinking of the definition:

> The following inventions, and all rights with respect thereto in Canada or elsewhere, are vested in Her Majesty in right of Canada, namely,
> (a) an invention made by a public servant
> (i) while acting within the scope of his duties or employment, . . .

I want to suggest to the minister that that language might be good if it is properly interpreted, but what I was trying to say in my remarks a while ago—and I want to repeat it—is that it is made clear that it is not just the fact that the civil servant is employed by the government that is to be considered but the fact that he is doing something which is related to the type of work he is carrying on for the crown. For example, if a typist should invent something with regard to a typewriter, it should not mean that the crown should have the right to that invention with regard to a typewriter because she operates a typewriter. But some smart fellow might come along and say that it is related to the scope of her employment because she types and it has to do with a typewriter. I think it would perhaps be better to state that by the invention made by a public servant is meant the invention which is within the scope of his duties or employment.

The only other remark I want to make is with regard to paragraph (b) which I think is almost a repetition of paragraph (a) (i) and which reads:

> (b) an invention made by a public servant that resulted from or is connected with his duties or employment.

However, what I am interested in is to bring to the attention of the minister paragraph (a) (i). I should like to be sure that it is clear that the inventions covered are those which are within the scope of the duties or employment of a crown employee.

Mr. Pickersgill: On this particular point, Mr. Chairman, may I say this. The hon. member spoke to me the other day. I have examined the various provisions of the statutes that, if the house approves, are being repealed by this bill. I find that the actual phrase used here is one that is used in the National Defence Act. I do not say that fact gives it any greater sanctity than the phrase used in any other act. I sought legal advice which I, not being a lawyer, certainly need on the point, and it was pointed out that if we use some such phrase as "related to his employment" rather than "acting within the scope of his employment" there might be a slight difference. For example, you might take the precise definition of a technician at the national research council which states that he is to do such and such and so and so under the direction of the man he is working for. He would have access over a long period of time to the know-how in a particular field and he might well be the last link in a long chain and he might be, in a technical sense, the inventor though in fact he had really little to do with the development of an important process. If the courts looked at this thing they might say that was not related to his employment. He was employed as a technician. It might even be a stenographer, if I may take the example used by my hon. friend—a really intelligent stenographer such as they would have at the national research council or as they would have to have—and who might, through long familiarity with the thing, just see a particular point that would be of some consequence and would affect a whole process. In a great many of these processes, one single invention, as I understand it—and heaven knows I am no inventor—or one single process in a complicated series of processes that make up modern industrial articles may not in itself be very important. But if the crown did not own that one particular invention and owned all the rest of the processes, it might be useless to everyone. It was therefore thought that this particular language would cover a case such as those I have just mentioned a little bit better than would the other. That is the only point.

Mr. Richard (Ottawa East): I quite appreciate the fact that the minister had something more in mind than to cover the case of the stenographer who was familiar with the subject, but that would be covered by paragraph (b); "that resulted from or is connected with his duties or employment". I am thinking more of paragraph (a) (i), and how to make it more specific. Of course I am sure that a court will take a much narrower view of what is a public invention or a crown invention

than some of us would. I think the principle must at all times be that of legislating in favour of the inventor and not in favour of the employer, whether it is the crown or someone else.

Mr. Fulton: On this section, Mr. Chairman, I should like to raise a point. The opening general words of section 3 vest a right to the invention in the crown. The words are as follows:

> The following inventions, and all rights with respect thereto in Canada or elsewhere, are vested in Her Majesty in right of Canada, . . .

—whereas previously with respect to public servants, except those covered by the National Defence Act, the Research Council Act and the Atomic Energy Control Act, rights to inventions of public servants outside of Canada were left to the public servant. I think the point was made earlier by the hon. member for Ottawa East in his general remarks, but I have a note to raise it at this time under section 3. Will the minister tell us why it was considered to be desirable and advisable to take away from public servants, other than those in the three corporations mentioned where the reasons were perhaps obvious, rights to inventions outside of Canada?

Mr. Pickersgill: Yes. I think the reason is this. If there is to be uniformity, and I think it is desirable that there should be uniformity, it does not seem to me, because someone is employed in the bureau of mines in the Department of Mines and Technical Surveys rather than by the national research council, that, where he is given comparable facilities in every way, he should have greater rights than someone employed in the research council or in the atomic energy control board or, even more, in the Department of National Defence. It seems to me whatever the standard is it should be the same for all of these, if I may hazard the term, genuine public servants. I think my hon. friend's difficulty may arise from this point which occurred to me when I first read the bill, that this seems to be taking away something that might have been thought by us to belong, and which legally did belong, to public servants. But when it is remembered that the inventions covered by this section are only those which are invented as the result of employment or with facilities provided by the crown or in the way that all of us seem to have been agreed, by accepting the principle of the bill, should belong to the crown, and that all other inventions that any public servant may make belong to him, it does not seem to me at all unreasonable that the crown should retain the rights abroad as well as at home which we say should belong to it anyway.

Mr. Fulton: There is an interesting point there. The minister has used an argument here which he rejected a few minutes ago in connection with an earlier section on the question of whether other crown corporations should not also be included. He said then that they were not the same type of corporation, that they did not stand in the same relationship, and that therefore they should not be included under the act. Now he says that they are going to make things the same for everybody so that the person working on highly secret work in the national research council or the Department of National Defence will be in exactly the same position as a person working on ordinary everyday matters in the Department of Mines and Technical Surveys.

I do not think the minister should be allowed to have it two ways. He must decide which way he wants to take it. I point out to him that under subsection 4 of section 47 of the Patent Act it was well understood and contemplated that the rights within Canada to inventions made by public servants within the scope of their employment belong to the crown.

Mr. Pickersgill: The crown has an interest in them.

Mr. Fulton: That was well understood. Perhaps I will modify it. Under that provision the inventor did not have exclusive rights to the use of that invention in Canada but he did have exclusive rights to the use of it outside of Canada even though it was an invention made in the course of his employment and with facilities provided by the public. The relevant words are:

> Nothing herein contained shall be construed to restrict the right of the inventor to the full enjoyment of his invention outside of Canada.

That cannot be held to be in any way an oversight or accident. That is a conscious piece of draftsmanship.

Mr. Pickersgill: Quite.

Mr. Fulton: In other words, at that time it was thought proper to give to the inventor exclusive and full rights outside of Canada even though the invention was made in the course of his employment. I am wondering what reversal of thinking has taken place and what is the basis of it that has resulted in this change of position?

Mr. Pickersgill: If you have four statutes containing four different ways of doing things and you want to substitute one that is uniform

for all, then obviously you have got to make some changes in some of the others. It was just a question of choosing what criteria would be applied in order to get a uniform provision.

Mr. Fulton: Would it not be in order to say: "except with respect to public servants in the national research council, atomic energy control board and the Department of National Defence, nothing herein shall be deemed to take away the right to full enjoyment outside of Canada"? There would not be anything very difficult about that. That would merely carry forward the present situation. We are not asking for any change.

Mr. Pickersgill: Of course that would be possible. This is one of those cases where, as the gentleman said who failed to invite his father-in-law to his wedding, you have got to draw the line somewhere.

Mr. Diefenbaker: Who was the father-in-law?

Mr. Pickersgill: The putative father-in-law. This is the point. The hon. gentleman has said that we might have made a distinction between people employed by the Department of National Defence, the atomic energy control board and the research council on the one hand and other public servants on the other. There is a broad distinction now in the law which we are seeking to remove. That is the main purpose of this legislation. It would be manifestly unjust not to remove it. After all, the hon. member assumes that all inventions that might be made by the employees of these three organisms would be secret. He imported that consideration into the bill though in fact it is not there at all.

There are over 100,000 men in the armed forces to whom the National Defence Act, as it now stands, applies. It does not matter what kind of invention they make as long as it comes within these categories, the act applies.

Mr. Fulton: It is perfectly obvious the purpose of that extra restriction was to cover the secret nature of the work.

Mr. Pickersgill: I suppose the distinction might have been made between what was secret and what was not, but it was decided by the government, after careful consideration of all the alternatives that have been mentioned by the hon. member for Kamloops and quite a number of others that have not yet been referred to, that this was the fairest way to do the thing. It is true that there could be cases where an employee in a department like mine, for example, where no facilities of any kind are provided for the stimulation of invention and that sort of thing, might invent something. He might invent something having to do with medals or decorations.

Mr. Knowles: Yours is the department of political inventions.

Mr. Pickersgill: Well, I doubt that.

Mr. Fulton: There is plenty of stimulation there.

Mr. Pickersgill: But there are a good many other departments of the government, and I mentioned particularly the department of my hon. friend, the Minister of Mines and Technical Surveys. I could equally have mentioned the department of the Minister of Agriculture or the department for which I happen to have very temporary responsibility at the moment, the Department of Fisheries. A good deal of public money is provided for these departments for the express purpose of research and that sort of thing, and it does seem to me it would be manifestly unfair to continue to apply a different set of rules to them from those applied to the research council. Things that exist may sometimes be allowed to go on existing, but when you are making a change like this I suggest it would not be proper to continue one regime for the national research council and the atomic energy control board and a different regime for other departments such as I have mentioned.

So far as inventions are concerned, we are trying as far as possible to protect all public servants. In a sense this is a liberalizing measure as far as the national research council, the atomic energy control board and the defence department are concerned, because we are now making it clear that any inventions made by any of their employees that are quite without the scope of their employment and not done with public money belong to them.

Mr. Fulton: It is clear this is not merely, as it were, an incidental consequence of the legislation but is a change that was designed and is being carried out as a matter of conscious policy?

Mr. Pickersgill: Quite.

Mr. Fulton: The restriction of the rights to the invention outside of Canada.

Mr. Pickersgill: Quite.

Mr. Fulton: That is also a matter of conscious policy?

Mr. Pickersgill: Quite.

Mr. Richard (Ottawa East): I should like to say a few more words on this subject because a while ago the minister said, in answer to

the hon. member for Kamloops, that after all these were crown inventions, that under the bill we were making them crown inventions. But in the ordinary relationship between master and servant the master, the crown, was not, in the past, owner of a patent because the inventor happened to be working for the crown. We are establishing the principle here that if a person is an employee of the crown and invents something within the scope of his employment—I hope this is within the scope of my ideas—the invention belongs to the crown. That is something that is very liberal, if you want to call it that, because it is much more than was ever done before. Now, the hon. member says that research council employees should not feel bad and that we should restrict the rights of inventors in other departments in the same way. Of course, another way of answering the minister and his story would be to invite everybody to the wedding. In other words, we should liberalize the clauses of the Research Council Act, the Atomic Energy Control Act and the National Defence Act, and thus liberalize the treatment of all inventors to give them rights to their inventions outside of Canada in the same way as all other employees had under the Patent Act.

The thing I want to bring to the attention of hon. members is that all these little amendments are amendments to statutes that are technical in nature, but they have a purpose. I do not believe we are through dealing with the question of patents for crown employees. I feel that the matter will come up later. I do not think this is the answer, and I had hoped we would take some time before we came to a decision about this bill.

Clause agreed to.

On clause 4—*Duties of inventor.*

Mr. Pickersgill: There is an amendment to clause 4. I wonder whether my colleague the Minister of Trade and Commerce would move the following amendment:

That the word "outside" be substituted for the word "in" before "Canada" and that "or elsewhere" be stricken from paragraph (b) of subsection 1 of clause 4.

Mr. Howe (Port Arthur): I so move, Mr. Chairman.

Mr. Pickersgill: It would then read:

shall not file outside Canada an application . . .

Mr. Fulton: I should like to suggest an amendment to the amendment. I am trying to be helpful. I believe it would be clearer if it were in the following form:

That the words "in Canada or elsewhere" be deleted where they appear in line 15, and the following substituted therefor, "outside Canada."

[Mr. Richard (Ottawa East).]

I think that would make it clearer.

Mr. Pickersgill: I am very happy to accept the hon. gentleman's suggestion.

Mr. Fulton: If the Minister of Trade and Commerce would accept the suggestion, and move that amendment?

Mr. Howe (Port Arthur): I shall be happy to do so.

Amendment agreed to.

Clause as amended agreed to.

Clauses 5 to 8 inclusive agreed to.

On clause 9—*Administration and control of inventions.*

Mr. Fulton: The effect of clause 9 is to vest in the appropriate minister the administrative duties of the development or exploiting of any patent issued with respect to an invention made by a public servant. I would point out that these obligations and duties were previously imposed on the commissioner of patents under section 47 of the Patent Act. In other words, previously the situation was that where a public servant made an invention in the scope of his employment and a patent was issued, it was up to the commissioner of patents to determine and to take responsibility for the exploitation of that patent.

Now, as I say, those duties are all to be given to the appropriate minister. Reference was made to this in general terms by the hon. member for Ottawa East on the motion for second reading. He said he felt it would be necessary, in order to implement the bill in its present form, to set up an organization to take responsibility for the exploitation of patents, the registration of those patents overseas, and so on. It does seem to me that there is some point to what the hon. member for Ottawa East has said; otherwise you may get a multiplicity of methods, and perhaps duplication of effort. I make this simply as a suggestion, and I wonder whether it would not be more feasible to leave the administrative responsibility for the development and exploitation of patents, in so far as the technical side is concerned, under the commissioner of patents as it is now by section 47. In other words, we could reproduce, with the necessary consequential amendment, section 47 of the Patent Act, rather than change the system as is being done by clause 9 of this bill.

Mr. Pickersgill: I think, sir, the reason it is done in the way suggested here is that in the drafting of this bill consideration was given primarily to those areas where inventions were most likely to occur, that is in the research council, atomic energy and the

Department of National Defence. Actually, the duties of the commissioner of patents were not to exploit and develop. He really did very little but adjudicate. The crown did not own these patents under the Patent Act, but simply had an interest in them. The patents are now being vested in the crown. The place where the crown has had experience is primarily in relation to the research council, and to a somewhat lesser extent in national defence. The Minister of Defence Production has had some practical experience in the administration of these matters so I am going to ask him to say a word to the committee about the reason why it is considered desirable to do it this way.

Mr. Howe (Port Arthur): I had some experience, Mr. Chairman, with the exploitation of patents in connection with the research council, both during the last war and following the war. There were some patents developed that had commercial value, and applications were made to the government by industry to grant the use of those patents under a royalty arrangement. It was thought worth while to set up a crown company to handle the patents owned by the government, and that was done. Some of these patents are now under a royalty arrangement with certain firms, to some extent.

The reason I think that each minister should be responsible for the exploitation of patents developed in his own department is that he has there advice that is required as to the value of the patent, as to whom should go the credit for the development. If we were to start a competition within a department to see who can claim a particular patent, I think that approach might lead to serious difficulty. At one stage it was suggested that perhaps the right to appeal to the courts should be given. In an institution that is really organized to develop new inventions, such as the research council or Atomic Energy of Canada Limited, I think hon. members can see that system would lead to chaos. But if the minister of the department is to be responsible for seeing that the proper rewards go to the proper people, and that proper arrangements are made for exploiting a patent on behalf of the government, then I think that is the fairest way of handling the situation.

Mr. Drew: I think there is a question that arises in connection with this matter. I had hoped that perhaps the right hon. gentleman who has just spoken might have enlightened us in connection with it. It is quite possible that, with all the excellent research work that has been done here, there have only been a few cases where the terms of rigid secrecy could of necessity apply to an invention. Undoubtedly there have been some.

I believe the right hon. gentleman was present at a time when Sir Robert Watson-Watt described, in a most interesting way, the rather unusual circumstances under which the Germans obtained information regarding the invention of the jet engine, and that actually the German government had instituted experiments at government level before the British government had—despite the fact that the jet engine was invented by a young R.A.F. officer named Whittle. I must say that when I heard his remarks on that subject I was tremendously impressed by the fact that every government has a great responsibility, not only to assure that inventions which may be the result of research work either by government employees or by military, naval or air experts should become the property of the crown, under fair conditions and terms, but also that there should be some protection against the possibility of what occurred in that particular case.

As the right hon. gentleman has every reason to know, there was some surprise that toward the end of the war there were Heinkel and Messerschmitt aircraft operating with jet engines of comparable quality, or perhaps in some cases even better quality than the British machines which had been developed from the original British patent.

This is no reflection upon the inventor. It certainly is no reflection on the loyalty and good faith of those sorely pressed and extremely conscientious men who did not see the possibilities of that new invention. It is not very often that a Whittle invents a jet engine or a Watson-Watt invents radar. Nevertheless these things do occur.

I wonder if this is not something that should be under wider discretion than the discretion of a single minister in whose department such inventions might arise. The right hon. gentleman and I have not always agreed on every detail of matters that have come up in the house, but I do recognize his very wide contact with inventions and the handling of these inventions, and I know how readily he will admit that it is difficult to judge in advance the full possibilities of some invention which, at the moment, might seem to be of a radical character, such as the jet engine was at the time it came forward.

Men whose minds were engaged with the immediate problem of defence and the immediate problem of getting engine production felt that this was such a wide departure from the ordinary propellor-driven engine

that their minds apparently simply did not grasp the fact that the jet engine ushered in a new era in air transportation.

I place before the minister the suggestion that consideration should be given to some provision for an interdepartmental committee, or some such committee, that would assure that on the one hand there would be adequate exploitation or development of a new invention and, on the other hand, that an invention which is obviously of a highly secret nature and of peculiar value to our own defence, and that of our associates, should under no circumstances be patented, as was the jet engine, in a way that would leave it open to possible enemies.

In saying this I hope no one will suggest that there is any hint of any reflection on any individual minister. We do not know what minister happened to deal with this problem. But, with that example before us of what has occurred, I place this suggestion before him and would like to hear his observations with respect to it.

If he does agree, in general, then I suggest that section 9 should stand so that consideration could be given to a wider supervision of these patents, and to an assurance that patents in such circumstances will not be filed for application, so that they may not become available to possible enemies of this country.

Mr. Howe (Port Arthur): Well, Mr. Chairman, I suggest that the first precaution to take is to make sure that every patentable idea developed within the public service be patented in the name of the crown. And to that end we have a crown corporation known as Canadian Patents and Development Limited, which has been functioning for the last four or five years. It has officers who are experienced in patent matters, and has the services of a good patent lawyer. Its duty is to make sure that any patentable idea is patented in the name of the crown. And of course it is the duty of that corporation to make sure that the use of the patent is not granted in any way that could possibly be a danger to the crown.

Perhaps in connection with jet engine development there was some laxity in patenting the idea at the time; I am not sure about that. But I think the real answer is that enemy intelligence was bright enough to pick up an idea that the British government had not fully appreciated—

Mr. Drew: But they did make it openly available.

Mr. Howe (Port Arthur):—and then carried on the development of the jet engine in their own country. Of course the original development was by Whittle; nevertheless the idea was picked up and the development carried on in another country.

I think that is hardly the point in question. That is a matter of making sure that our secrecy provisions are adequate. I believe that the provision in section 9, which is intended to make sure that every patentable idea is patented by the crown, and that the administration of the patent is to be in the hands of a crown corporation, is the best arrangement that I can think of to bring about the security my hon. friend wishes to obtain.

Mr. Drew: I do not want to labour the point unduly; but I would point out to the minister that under section 6 there is this provision:

> Notwithstanding anything in the Patent Act, the appropriate minister may file an application—

And that means an application before the patent office.

> —naming the inventor, for a patent for an invention vested in Her Majesty by this act—

And so on.

That means that an invention should be patented and recorded in the patent office in the ordinary way. My point is that a minister, who would not be dealing with patents of this kind in the ordinary course of events, might conceivably, in complete good faith and without the slightest suggestion of laxity or otherwise, file an application for a patent, which would then become open to public examination, and which might conceivably be of the most outstanding importance.

In the case of the jet engine, we must remember that one of the factors contributing to the circumstances under which the Germans obtained this was that there was a shortage of metal at the time. There was reluctance to provide the additional metal necessary for these new experiments. In some way, the danger of this becoming available to the enemy perhaps was not fully recognized. Perhaps it was that they simply did not regard this as anything more than a wildly imaginary device. In any event, the fact remains the patent was applied for. It was registered, and without any subterranean channels the Germans were able to go and obtain a description of that invention from the patent office. My only thought is that there might well be some board, an interdepartmental body, which would assist the ministers themselves so that the possibility of that happening in good faith might not occur. I recognize that in matters of this kind and in the secrecy that relates

to inventions of this nature, the responsibility must rest with the government. I can do no more than place before the government my observations which were impressed upon me by the unusual circumstances under which the German government actually had a head start in the development of the jet engine, although it was a British invention. That was not generally known until well after the war. That was the way it happened. My thought is simply that, perhaps by some committee of ministers or some such advisory group, individual ministers confronted with this problem would then have the advantage of a general discussion where, based upon past experience, they might receive guidance as to whether in fact it should be filed as a patent application at all. What I am really concerned with is the possibility of its getting into the patent office and being examined and perhaps having revolutionary consequences such as the jet engine had, although nobody saw it in advance.

Mr. Pickersgill: Perhaps I can say a word on this. We all recognize the danger that the Leader of the Opposition has portrayed rather strikingly. Of course you cannot legislate to prevent human error, but we have, in the Patent Act, sections 20, 21 and 22, which impose upon the commissioner a duty where applications for patents which have to do with munitions, or defence equipment, or with atomic energy are concerned—I am speaking of the ordinary act, not of this bill. It is the duty of the commissioner to see that such applications are scrutinized in the kind of way that the Leader of the Opposition has in mind before anything is made public about them. Of course, some private inventor may come along with something that has been scrutinized by nobody but himself. Nobody knows what is in it and he may make the thing public. No law could prevent that. In so far as the law can prevent it, the existing law does make provision in those three sections to which I referred for this kind of security, and it does give authority to the appropriate ministers and to their advisers in the departments of national defence and defence production and in the research council, and so on.

The Leader of the Opposition has put his finger on a problem, but I think we have gone about as far as anybody has yet been able to go toward the solving of it, in the law as it now stands.

Mr. Drew: It is certainly not my intention to oppose this. I agree with the general purpose; but may I add one more suggestion. Since Sir Robert Watson-Watt, the chief inventor of radar, who is in fact associated with certain activities of government in this regard, has made the points he has in regard to the jet engine and the way in which the Germans got hold of it, he may offer some suggestion, if his advice in that field is available.

Clause agreed to.

On clause 10—*Awards.*

Mr. Michener: I am not clear from the explanation of the bill what might be the source of the award. Is the award paid by way of a percentage of the receipts from the invention, or is the award paid by way of a grant? Subject to that answer I may have something further to say about the awards under clause 10. In other words, would it be a grant involving expenditures from the consolidated revenue fund?

Mr. Pickersgill: It may be either a percentage of a royalty, a lump sum or a grant from the consolidated revenue fund, or anything else that the government is willing to recommend to parliament and parliament is willing to appropriate. Of course, in the case of royalties, that would not really arise, but in the case of a grant from the consolidated revenue fund there would have to be an appropriation.

Mr. Diefenbaker: Where does parliament come in at all in the section?

Mr. Pickersgill: I take it that the government is always governed by the appropriation acts, and that the government cannot spend public moneys that have not been previously appropriated by parliament for the purpose.

Mr. Michener: The wording is:

> Subject to the regulations, the appropriate minister may authorize the payment of an award to a public servant . . .

It seems to me that is pretty definite legislative authority for the minister to pay out money. I just asked the question whether that was authority to make an agreement by which a percentage of the proceeds of the invention would be payable to the public servant, in which event it seems to me it is all right. If it has to do with the appropriation of public moneys, then this section may be a change from the former principle of the payment of awards under the Atomic Energy Control Act. Under that act the payment was made on the recommendation of the governor in council. Here we are not even requiring the formality of that procedure, but a minister may do it alone.

Mr. Pickersgill: In fact, I raised the same question with the draftsmen. I have not the advantage of the hon. member for St. Paul's of being a lawyer. I was rather shocked at the language: "the appropriate minister may

authorize the payment"; and I was told that under the Financial Administration Act and the appropriation acts of course no payment of any kind could be made without there being an appropriation from parliament in the first place and without the treasury board approving the payment in the second place. Of course the treasury board is an emanation of the governor in council; it is a committee of the governor in council, and all its decisions in this regard would have to be ratified by the governor in council. Therefore all that this amounts to is that the appropriate minister may recommend for payment what is felt to be appropriate, but that the payments must be made by law and, as all hon. members know, outside of their own incomes, the ministers themselves have no funds that they can spend by themselves.

Mr. Michener: On that point, Mr. Chairman, where you have a number of ministers involved, would it not be better, in order for these awards to have some uniformity, that they be made by order in council, as they were under the Atomic Energy Control Act? You might have quite a different scale of values in one department by one minister from what you would have in another department. The suggestion I make is that there might be some clearinghouse.

Mr. Pickersgill: The clearinghouse would be the treasury board. The recommendations would go to the board. Of course section 10 has to be read in conjunction with section 12, which says that:

> The governor in council may make regulations . . .

Which will include of course regulations as to the amounts which are dealt with in subclause (c).

Mr. Fulton: There is another aspect to this. Take the case of a minister who decides to recommend, instead of a grant from the consolidated revenue fund, a percentage of the royalty. I can see that there might be what would amount to discrimination between departments. One minister might say: I want to encourage inventors; I am going to recommend that 100 per cent of the royalties earned by the crown in the exploitation of the invention be paid to the inventor.

Another one might say that perhaps that is too much and that it should be 50 per cent, and the next minute it might be suggested that 10 per cent would be sufficient, and that seems to me to make it possible that different inventors for equally meritorious work might get a different measure of reward. I wonder, therefore, whether it would not be appropriate to adopt the small amendment suggested by the hon. member for St. Paul's and restore the words "governor in council" in clause 10. The recommendation must come from the minister in the first place of course, but surely the governor in council far more than the treasury board would be attempting to establish uniformity of award as well as considering the amounts involved. I imagine the treasury board's only concern would be whether there was authority to make a certain payment, whereas I believe the governor in council might take the larger view and consider uniformity as well.

Mr. Pickersgill: The hon. member for Kamloops is very fond of saying that everything done by the governor in council and by the treasury board is done behind closed doors. I do not know whether I am being disrespectful of the crown if I say anything even in the most general terms about what goes on behind the closed doors, but I am going to take the risk and assure the hon. member for Kamloops that the ministers who sit on the treasury board and the ministers who sit as the governor in council or the advisers of the governor in council are the same people.

Mr. Fulton: But there are only six in one case and the whole cabinet, surely, in the other case. However, the minister knows so very much better for obvious reasons.

Mr. Pickersgill: I have had a certain experience of both and I would say, sir, that this kind of question would obtain much more careful consideration in the nature of things at the board where questions of this character and calibre are in fact considered, and even if we put the governor in council in, under authority of the Financial Administration Act, the governor in council would certainly delegate power to the treasury board and it would come to the same thing in the end whatever language we used, and unless we invent a new process the actual disposal of it will be very much the same.

Mr. Diefenbaker: This is a rather interesting revelation from a very experienced man. Does the minister say more consideration will be given by the treasury board than by the governor in council?

Mr. Pickersgill: To details yes, and particularly to financial details. That is why the treasury board was set up.

Mr. Diefenbaker: There are lots of reasons why things are set up though they do not always achieve the end for which they are set up. How many members of the council are on the treasury board? Is it five or six, or does the minister leave the impression that the entire group on the council also sit on the treasury board?

Mr. Pickersgill: Well, Mr. Chairman, the treasury board is of course a statutory committee of the council, though I am afraid I have not got the statutory definition of it at hand at the moment. However, I would hesitate to reproduce from a very defective memory—

Mr. Fulton: I have it here, may I read it?

Mr. Pickersgill: By all means.

Mr. Fulton: Section 3 of the Financial Administration Act states:

(1) There shall be a board called the treasury board, consisting of the Minister of Finance, who is the chairman, and any five members of the Queen's Privy Council for Canada, who may be nominated from time to time by the governor in council.

It appears to me therefore as though there are six.

Mr. Pickersgill: Yes, a minimum membership of six, though as a matter of fact the quorum for the governor in council is four.

Mr. Campbell: Mr. Chairman, in the last few lines of this section it states, "any such amount as the appropriate minister and the public servant may agree upon". Now, supposing they do not agree and remain miles apart so that they cannot come to an agreement. Has the minister thought of any method of arbitrating the amount?

Mr. Pickersgill: Mr. Chairman, I do not think there is any point in the whole bill to which more consideration was given than the point raised by the hon. member for The Battlefords, and after a great deal of consideration the conclusion was reached that when all was said and done these awards are awards given to someone who has, in the time of the crown or with the resources of the crown, created something which belongs to the crown, and that then, as a matter of policy, something be awarded to this person in recognition of that. If the minister and the public servant agreed on what would be suitable then, of course, that would make for a good relationship with the employee. On the other hand, though I stand to be corrected by any lawyer in the house, it is essentially an act of grace and in the final analysis it has to be determined by the minister who is responsible to this house.

Mr. Diefenbaker: I am wondering whether the minister would consider changing the word "authorized" to "recommend". As the section reads at the present time I would think the meaning of these words would simply be that the minister without regard to the treasury board, the governor in council, or anyone else has the power from parliament, if the bill is passed in its present form, to authorize the payment of an award. If the authorization comes from the treasury board or from the governor in council, as the case may be, as the result of a recommendation by the minister, then I suggest that much of this argument would be obviated with the removal of the word "authorized" and the substitution of the word "recommend".

Mr. Pickersgill: The hon. member has troubled me a little because I am not a draftsman myself and never made the slightest pretension to being one. I was informed by the draftsmen that this was quite the usual form of drafting. I must say that it would have to be recommended to somebody who presumably then would be authorized to do the act and that would presumably be through the governor in council. But I would like if I may to stand this section over for a moment and take this under consideration while we continue with other clauses and I may be able to reach a determination about whether I would be prepared to recommend that the hon. member's suggestion be accepted.

Mr. Richard (Ottawa East): Mr. Chairman, I would like to say just a word on this before we pass on to other clauses. I have to rise to my feet again because the minister has stated that after all these are crown inventions, owned by the crown, and we are paying these sums as a matter of grace. That may be true once the bill becomes law but at the moment it is not in accordance with established law that such inventions are the right of the crown and payments be made as a matter of grace. This takes us out of the old section 46 which gave the public servant a royalty which was determined after a report was made by the commissioner of patents and under which the public servant could appeal to the Exchequer Court of Canada if he were not satisfied with the payment which is made.

There is no doubt that the minister is extremely frank about it. Under this present bill the invention in the future will be the whole property of the crown. The inventor is not entitled to anything, as a matter of fact; as a matter of fact, he may never receive anything. I have no doubt that most of them or at least many of them will receive nothing at all; and anything they receive will be as a matter of grace. There will be no manner of appeal because there is no established procedure for granting the *ex gratia* payment.

Mr. Pickersgill: On that point, Mr. Chairman, may I say that I defer to the learning of my hon. friend; but when he says it is not the law he is not quite accurate. He has

referred only to the Patent Act. In three of the four acts whose provisions are being repealed and for which this legislation is substituted, it now is the law. It is not the law only in the case of public servants covered by the Patent Act by whom only a minority of all the inventions that are apt to be covered by this act are likely to be made.

Mr. Richard (Ottawa East): Yes.

Mr. Pickersgill: Hence it is not true that parliament is now doing something new. Parliament is extending to a wider field a regime that his existed for a long time in the research council.

Mr. Richard (Ottawa East): Oh, yes. My answer to that statement is that before the enactment of the Atomic Energy Control Act and the Research Council Act, the Patent Act was in existence and it was based on the common law. Once again we are doing something with regard to a majority of civil servants who might number 150,000 as against a few thousand that are employed under those acts. We are restricting the rights of the majority on account of the existing conditions which have been lately introduced by statute for certain councils in this country.

The Deputy Chairman: Shall clause 10 stand?

Some hon. Members: Agreed.

Clause stands.

Clause 11 agreed to.

On clause 12—*Regulations.*

Mr. Fulton: This is the section which gives to the governor in council power to make regulations which would include, amongst other things—as has been pointed out—the prescribing of the kind and methods of granting awards, and so on; and it also includes a very important category, as the section stands now, of regulations prescribing rules of practice and procedure respecting any appeal or application under this act to the exchequer court. By an earlier section I suggest that if a public servant questions whether his invention was made within the scope of his employment so as to be within the purview of this act, with the result that the patent to it and the rights to it are vested in the crown, it is a question for the minister to decide. In other words, the minister decides whether it is one of those inventions or not. If the minister gives a decision that is adverse to the public servant, then his only recourse is to appeal to the exchequer court and to try to convince that court that this was an invention made by him in his own time and not so necessarily related to his employment as automatically to fall within the scope of this act.

That may be a highly important question and may involve considerable financial stakes for the public servant. I should think it would be most likely and most probable that he would go to see a lawyer and that his appeal would be taken to the exchequer court in that way. He would probably go to see patent attorneys and other lawyers as well. What I question here is the desirability of giving to the governor in council the right to make the rules or, as the wording is here, the right to make regulations prescribing rules of practice and procedure respecting any appeal or application under this act to the exchequer court.

There are several grounds on which I question the advisability of that provision. Putting it on its lowest possible plane, the first one is that the governor in council, desiring to discourage servants from appealing, might make regulations as to security for costs and things of that nature which would in effect prohibit the public servant from appealing and in effect take away altogether the right of appeal. I admit that that is putting it at its lowest level, but I am looking at all the possibilities. It may just be possible that government policy at some future time would harden against inventors having any rights to these things and there would be the temptation and the inclination to raise the amount required as security for costs.

In the second place, not even the Patent Act itself confers this right, namely the right of the governor in council to make regulations respecting practice and procedure on appeal to the exchequer court, even with respect to sections 67 to 72 of that act which are the sections of the Patent Act now covering the cases of inventions by public servants. There the appeal is to the exchequer court if the public servant and the commissioner of patents disagree; but the appeal is under the ordinary rules of court, as is the case with every other appeal. The governor in council has absolutely no right to lay down the rules with respect to an appeal.

Finally, as a matter of general practice I suggest that since the exchequer court is given the right—as is every other court—to make its own rules prescribing the practice and procedures in that court, whether it be a motion of first instance or an appeal from another court, it is not necessary to give to the governor in council the power to make rules in this case. Furthermore, I submit that it is undesirable and it is a wrong principle to give the governor in council power

to make these rules. If the exchequer court did not have the right to make rules governing procedure on appeals in matters of this kind, such a provision might be necessary; but it now has that power. If this subsection were to carry and were to be included, the result would be that a legal practitioner, in addition to having to look at the rules of court in order to find out the rules applicable to this appeal, would have to go and to search through the orders in council and look in the *Canada Gazette* to see whether just the other day the governor in council had happened to pass another order in council affecting these rules.

Any member of the committee who is a lawyer will, I am quite sure, agree with me when I say that it is difficult enough now to keep track of the rules of court and that it is not appropriate that, in addition to looking at the rules of court and searching them to make certain that he has the latest amendments, the practitioner should also have to search through the *Canada Gazette* to see whether the governor in council happened lately to have passed any amendments to the rules governing the practice and procedure on this particular type of appeal. Because I submit that this provision is neither necessary nor in accordance with sound principles I move:

That clause 12 be amended by deleting from subsection (a) the following words:

(iii) any appeal or application under this act to the exchequer court.

The Deputy Chairman: Shall the amendment carry?

Mr. Pickersgill: No.

Mr. Fulton: Will you put the question, Mr. Chairman? Has the minister anything to say as to why the amendment should not carry?

The Deputy Chairman: Those in favour of the amendment will please say "aye".

Mr. Fulton: I just asked the minister whether he had anything to say as to why the amendment should not carry.

Mr. Pickersgill: As a matter of fact, Mr. Chairman, I am not a lawyer. Perhaps I should not keep on apologizing. I am, however, a layman. It seems to me that the amendment proposed by the hon. gentleman would not have any effect because the clause states:

The governor in council may make regulations for carrying out the purposes and provisions of this act, and without restricting the generality of the foregoing, may make regulations:

Therefore, whether or not this particular amendment was made, as long as the general language stood the amendment would not have any real effect. It does seem to me that any regulation which was made for any other purpose than for the purpose of carrying out the provisions of the act would be illegal anyway, and that if the governor in council made the kind of regulations which in fact did what the hon. member for Kamloops said might be done, set up rules of practice and procedure which in effect nullified the right of appeal, the courts would say those regulations were doing that and would not pay any attention to them.

It seems to me that the draftsman put this in for some purpose which I suspect was to enable the governor in council to make exceptions by way of leniency, much more than the reverse, in order to make sure that the ordinary rules would not preclude appeal. But in any case it does not seem to me that it would be possible for the governor in council to do anything that abrogated any rights under the law.

Mr. Fulton: I submit to the minister, with respect, that he is not correct in his interpretation of the effect of paragraph (iii). In my submission the right to make regulations with regard to the rules of practice and procedure respecting appeals to the exchequer court is not necessarily inherent in the right to make regulations for carrying out the purposes and provisions of the act. When you give the governor general in council the power to make regulations for carrying out the purposes and provisions of the act it would, I submit, not be held by a court that the right to make regulations prescribing rules of practice and procedure on appeal was necessarily inherent in that power. An appeal is something quite outside of and apart from this act or the carrying into force of this act. Therefore, unless these words were expressly included in paragraph (iii) the governor in council would not have that power under the general power to make regulations for the carrying into force of the act, which is the reason why these words had to be expressly included.

I agree with the minister on that point, but if I am right it follows that the governor in council would not have that power if they were removed. Therefore the minister is not correct when he says he has the power whether or not the words are there. In short my submission is he only gets the power to make regulations regarding the rules of the exchequer court if he is expressly given the power and that that power is not included in the general power to make regulations regarding the carrying into effect of the act.

That being the case, inasmuch as I consider it undesirable that rules of the exchequer court regarding practice and procedure on appeal should be made by the governor in council when that court has the right under section 87 of the Exchequer Court Act and can be presumed to be competent to exercise it and indeed does exercise it, I submit that it is not sound to have that provision here.

Mr. Pickersgill: If the hon. member is suggesting that this gives the governor in council any power to make rules of practice and procedure for the court itself, that of course is obviously not "for carrying out the purposes and provisions of this act", and is beyond the scope of the act. The only rules that could be made would be rules, for example, as to the kind of procedure that the public servant would follow in order to reach the stage of getting an appeal, the kind of form in which he would have to get the minister's determination or the failure of the minister to determine, or things of that sort. It would not be within the scope of the act to make regulations to abridge the power of appeal itself which is expressly provided for in the act.

Mr. Diefenbaker: This section is very clear. It actually gives the governor in council the power to differentiate between the right of appeal of the civil servant to the Exchequer Court of Canada and the right of the ordinary citizen of the country. Surely we do not want to incorporate in the law a principle whereby every other citizen in Canada shall have certain rights and shall follow certain regulations when appealing to the exchequer court but those regulations shall not apply to civil servants. The minister says that he hazards the guess that the reason is the one given. Certainly we should not depart from the ordinary principle that everyone is equal before the law and by this provision allow the civil servant to be placed in a lower category than every other citizen in the country.

As a matter of fact, under the present provision the governor in council by order in council could simply place a roadblock in the way of the civil servant wishing to appeal to the exchequer court. In one section the right is provided for, but under the regulations the civil servant should be presumed to be in the same position as every other person, namely, that he should be required to put up certain determined security as the basis for appeal. This section permits the governor in council to make a provision whereby a dangerous immunity from judicial supervision will be granted in so far as civil servants are concerned.

I suggest that we do not wish to set up two types of citizens with respect to right of appeal to the courts, the first being the majority of the Canadian people and the second being civil servants who would be granted lesser rights than those granted to others. I am sure that the other provisions regarding regulations are simply those necessary for the carrying out of the provisions of the act. The section reads:

> The governor in council may make regulations for carrying out the purposes and provisions of this act, and . . . may make regulations:
> (a) prescribing rules of practice and procedure respecting
> (i) applications for patents pursuant to this act—

There can be no objection to that.

> —(ii) the determination of questions whether an invention is vested in Her Majesty by this act—

There is no objection there, but I do feel that the third provision respecting appeals leaves the door open to inequity, and I suggest that the minister give reconsideration to it.

Mr. Pickersgill: The intervention of the hon. member for Prince Albert has, I think, somewhat cleared my own mind. He says that we do not want to make one law for public servants and another law for other citizens. We are here making a law for public servants that applies to nobody but public servants, so that that question does not arise at all in this case. The only question that does arise is whether or not we are importing into section 12 any possibility of taking away the rights of appeal that are in the previous sections. The substantive part of section 12 reads as follows:

> The governor in council may make regulations for carrying out the purposes and provisions of this act—

Everything else in that section, as I read the English language, depends upon that, That is clear, simple and unambiguous, and if any regulation is made by the governor in council that is contrary to that provision it is null and void and has no effect anyway.

Mr. Diefenbaker: That is not what the authorities say. I wish the courts could say that.

Mr. Pickersgill: My hon. friend has had a lot of practice in the courts and I have had none, but I think perhaps I can claim to have some little knowledge of what the governor in council thinks he can do in making regulations. I know that the greatest care is exercised by the governor in council to make sure that in making regulations he is within the scope of the statutes, and I am

perfectly sure that the courts would not say for one minute that a regulation that was contrary to the purposes of the act, that was not for the purpose of carrying out the act, was a good regulation or was good law.

It, therefore, seemed to me that the only possible meaning this provision could have is that certain rules will be made as to the procedure by which the appeal reaches the court. Once it reaches the court, the practice of the court applies under the ordinary law. This bill has nothing to do with the exchequer court. It only has to do with the determination of certain questions by that court.

It does appear to me that it is conceivable that the words may not be necessary, but it does not appear to me that they could possibly cause any injury to a public servant. I am, therefore, not disposed to accept the hon. gentleman's amendment.

Mr. Diefenbaker: The minister has opened a door, but he did not go very far. He spoke of his experience, and it is vast in this connection. He left the impression, and the impression was well founded, that he knows of the vast precautions taken by the governor general in council in order to assure that regulations shall not be passed that are contrary to the purposes and provisions of any act. What are those precautions?

Mr. Pickersgill: Well, the governor in council does not like to have his face red, any more than anyone else.

Mr. Diefenbaker: That is not a precaution.

Mr. Fulton: That is a regret, more than anything else.

Mr. Churchill: I have listened to the Secretary of State, and I feel that we have not been as yet fully informed. Under clause 5 of the bill the right of appeal is granted, and it is reasonable under the circumstances. I still do not follow the Secretary of State in his argument under clause 12, paragraph (a), as to why there should be any necessity for the governor in council determining the rules of practice and procedure for the making of an appeal to the exchequer court. There must be some special reason why it should be this way, when the same procedure is not followed in other statutes.

Once the right of appeal has been granted to the exchequer court, then the court itself will determine the rules of practice and procedure. Unless the Secretary of State is prepared to give us some particular reason that has not yet been forthcoming, it is impossible to support this particular clause in the bill.

Amendment (Mr. Fulton) negatived: Yeas, 31; nays, 48.

Clause agreed to.

Clauses 13 to 16 inclusive agreed to.

The Deputy Chairman: Clause 10 was allowed to stand. We shall deal with it now.

On clause 10—*Awards.*

Mr. Pickersgill: I have drawn on resources outside myself, Mr. Chairman, and I think I can now explain to the committee why the word "authorized" is used and what its significance is. It appears that the procedure, in the first instance, is that the minister makes his submission to the treasury board, and it is either accepted or rejected. When that is done the minister still has actually to authorize the payment out of the appropriations for his department. This term, in that sense, is habitually used in these statutes. It is, in other words, a term of the art.

Mr. Knowles: It is clear, is it not, that that item of money will not come back to parliament for parliament to pass upon?

Mr. Pickersgill: Parliament must first have made some kind of provision out of which any award that is to come from the consolidated fund can be paid.

Mr. Fulton: Has any decision been made as to whether a fund is going to be set up to be known as an awards fund from which the payment is to be made or would the intention be to come each year in the estimates to authorize the approval of certain awards? Has any decision been made on that point?

Mr. Pickersgill: No final decision has been made on that point at all. There are several possibilities that are being explored. Of course, the research council has had a lot of experience in this connection, and those departments where the question is a practical one have practices that are being carried out now. It is intended, when this bill is passed, if it does pass, to bring together an appropriate committee to work out the kind of procedure which will meet this situation.

I would think that so far as coming to parliament for money is concerned, that would probably depend upon whether most of these inventions were going to be exploited by a crown company or whether, in fact, that would be done by the various departments, in which case payment would be made out of the departmental appropriations and they would have to ask parliament for that money.

Mr. Diefenbaker: The minister says now that an appropriate committee is envisaged to work out the general details. In general, that was what the Leader of the Opposition suggested this afternoon. What is the personnel of the committee to be? As a matter of fact, we have spent a great deal of time

on this bill this afternoon, and the experience has been, in so far as the inventor is concerned, that inventions have been an arid source of reward. Is it the intention that the amount of the award shall be increased? Would the minister also say what the plans are with regard to this committee, of which we have not heard anything until this moment?

Mr. Pickersgill: So far as the question of whether the award will be more generous in the future than in the past is concerned, that is not a question I can answer. The question of whether or not we are going to increase the scale of awards or change the method of making awards has not yet been considered by the government. Until it has been—if the awards should bear no relationship to the earnings of the invention—and until parliament is asked and has shown it is prepared to provide awards out of public funds, it would be presumptuous in the extreme for me to attempt to forecast what they would be, particularly since, as I said several times, my department will not likely be a very large participant.

As for the kind of committee that is envisaged to advise the government, it will obviously be selected from amongst those public servants who have up to now had the greatest experience with these things.

Mr. Macdonnell: Will it take any cognizance of the next election?

Mr. Pickersgill: I doubt if there is any constituency in this country where the number of inventors is so great that they would be apt to turn an election. So that need not be a consideration in anyone's mind.

But, to be more serious about it, I would think that many of the rewards, if one might put it that way, are not in the form of a mere monetary grant in recognition of a particular invention, but rather in the form of promotions, salary increases and improved opportunities for the kind of people who make these inventions. Naturally, if you find in your employ someone who is really an inventive person and who is furthering the work of his department in that way, he is going to go ahead much faster than someone who is not so inclined.

Those factors all have to be taken into account. One must also consider the nature of the invention, its importance, and the nature of its use. All those matters would have to be taken into account. Perhaps it would be proper for me to say that I have had some discussion with the chairman of the national research council and he has emphasized to me the extreme importance of flexibility in these matters. After all, an invention is something unique: By its very definition it is unique. Thus it becomes difficult to make ordinary and general rules that would apply to 5 per cent of royalties, or something of that sort, and which might work a great injustice as between one very important invention that might be applied only in the field of defence—where the royalties would amount to next to nothing—and another that might have a wide commercial application, but which might not be a very great invention, at all.

Mr. Diefenbaker: What has been the basis of determination heretofore?

Mr. Pickersgill: In connection with the national research council, anything up to 5 per cent of the royalties. I am advised that there have been other ways of recognition, however—by way of earlier promotions, and by other means. Merit has been recognized in that way, and it is only proper that it should be so. But what the government is going to do is to try to get the very best advice from those who are most experienced in these matters; and then the governor in council will formulate the regulations in the light of that advice.

Section agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time.

Mr. Harris: Now, by leave.

Mr. Fulton: Next sitting.

Mr. Speaker: Next sitting of the house.

CROWN CORPORATIONS

AMENDMENTS TO CERTAIN ACTS TO PRESCRIBE PENSION PROVISIONS

Hon. W. E. Harris (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend certain acts relating to several crown corporations in order to prescribe the pension provisions for and the manner in which such pension provisions are to apply to persons transferring from the public service to the corporations concerned.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, perhaps hon. members would welcome a brief statement as to the purpose of the resolution. As the resolution indicates, the purpose of this bill is to prescribe the pension provisions for and the manner in which those pension provisions are to apply to persons transferring from the public

service to certain crown corporations. It is designed to bring consistency with the new Public Service Superannuation Act and will provide that these transferred employees will become members of the pension plan of the corporations to which they will be transferred.

I should add however that the Public Service Superannuation Act made provision for the entry into reciprocal transfer agreements between the government of Canada and crown corporations to cover the transferability of pension rights when a contributor under that act transferred his employment to that of a crown corporation or vice versa. Thus where these agreements are concluded a transferred employee may obtain full credit for his prior service under the pension plan of his new employer.

Because of its close relation with the Public Service Superannuation Act it is intended that this new act will have effect from January 1, 1954, the day on which the Public Service Superannuation Act came into force.

Mr. Knowles: Mr. Chairman, I should like to say only a few words. The object of the bill to be based on this resolution seems to be a commendable one, and one which I believe will meet with general support in the House of Commons.

My main reason for rising is to suggest that the principle underlying this legislation is so important and so commendable that in my view it should be extended to apply on a much wider basis. I believe this is not the first instance of mobility of pension rights being established, and I suggest this move is greatly needed. This is a subject about which my colleague the hon. member for Cape Breton South has spoken frequently; and it seems to me some thinking should be given to establishing a master plan or broadening the Government Annuities Act, or finding some other means to make it possible for people to move from the public service to crown corporations, or from either of those categories of employment into private industry, or to move from one private industry to another, or from private industry into the public service, while at the same time carrying with them their pension rights. In this way, upon reaching pensionable age they would retain such rights as they had earned across their working years.

Undoubtedly great progress has been made in the concept of retirement pensions. Many more pension plans are in effect today; many more people are covered by such plans than was the case ten or twenty years ago, and this is all to the good. But there are many instances where pension plans freeze employees to certain jobs. After they have been on those jobs for a few years their rights are such that it makes it difficult for them to consider moving to other jobs, lest they sacrifice such rights as they have gained. Similarly there are areas of employment denied to people because they have passed a certain age, and an employer may not want to take in someone who has passed that age, when he has no pension rights to bring with him or no way in which he could transfer such rights.

In both those cases the situation would be improved greatly if, as I have indicated, there was greater mobility of pension rights. We support the principle set out in the resolution upon which the bill will be based. If I have any quarrel with this measure, it is that it is so limited in its scope.

My further quarrel with the government is that though this idea has been spoken of around here on many occasions, not only on the opposition side of the house but on the government side as well, so little seems to have been done to establish the mobility of pension rights for all our people, whether they are in public service or in crown corporations or working for one private industry or another.

Let it be very clear that we have not yet had the last word in establishing an adequate pension system for all the people of this country. Many more improvements have to be made, and one of those necessary improvements is to extend this very principle of the mobility of pension rights.

Mr. Pearkes: Will the transfer of pension rights be applicable to the armed services who have contributed to their pension fund and to the members of the Royal Canadian Mounted Police who have contributed to their pension fund and who subsequently may want to transfer to one of the organizations mentioned in the resolution?

Mr. Benidickson: My hon. friend will find that the categories to which he referred are already referred to in the superannuation act and the schedules to that act.

Mr. Pearkes: It includes the members of the Royal Canadian Mounted Police, does it?

Mr. Monteith: I assume there will be a full discussion of this when the bill is presented to the house. I was wondering whether the parliamentary assistant would tell us what crown companies do now have superannuation schemes and what ones have not.

Mr. Benidickson: It is true that not all crown companies have superannuation schemes. On the other hand, the vast majority of crown corporations are already referred to in the schedules to the Public Service Superannuation Act which came into effect on

January 1 of this year. But inasmuch as this resolution has been on the order paper for some time, hon. members will recognize that a bill has likely been drawn up. I should say then that in the bill it is proposed that the crown corporations that will be affected by this resolution will be the Canadian Broadcasting Corporation, the Canadian Overseas Telecommunication Corporation, each of which has a reference to pensions in its own act, and then by virtue of a reference in the bill the Government Companies Operation Act, the Canadian Arsenals Limited and the Polymer Corporation Limited, and the Eldorado corporation will be affected.

Mr. Monteith: Are the superannuation plans of these various crown corporations consistent in nature? Are the contributions and the benefits the same? Is there a similarity between those plans?

Mr. Benidickson: Probably I can take the questions as notice and be prepared to discuss them in detail when the bill is before the house, as is apparently required in detail by the questions of the hon. member.

Mr. Monteith: I assume it will be all right, too, if the parliamentary assistant would make some comparison between the superannuation plans in the various crown corporations and the superannuation plan as it applies to civil servants who might be transferred to those corporations.

Mr. Benidickson: Yes.

Mr. MacInnis: I rise merely to emphasize the importance of the remarks made by the hon. member for Winnipeg North Centre. I believe that the most important social advance to be made in this country now is—let me put it this way—to help people to help themselves. There is at least at this time in our social thinking a limit to what can be done by helping people out of general revenue. But what can be done to help people to help themselves by building up equities in superannuation funds and annuities and that sort of thing has not been fully exhausted. We have not gone very far in that way. As I said, it is the next important advance in our social legislation.

The old age security payments have been a Godsend to a great many people, particularly those people who had small savings and can now use those social security payments to augment them. To use the vernacular, they are sitting pretty, they are economically secure. Perhaps they have not a very lavish standard of living, but at least they have a standard of living that gives them enough to get by comfortably from day to day and, what is more important, to maintain their self-respect at the same time. Anything that can be done along the lines indicated by the hon. member for Winnipeg North Centre will be all to the good.

Unfortunately, as he has said, pensions and superannuation schemes of various kinds today operate to keep people in their jobs. As a matter of fact, they are used sometimes as means of coercion to prevent employees asking for wage increases or better conditions. Employees are often held back for fear of losing the equities they have built up. I myself think it is all wrong. The more freedom of action people have to decide their own lives the better for all concerned. I repeat that everything that can possibly be done should be done to enable people to build up equities for their retiring years.

Mr. Macdonnell: I have one question. Before I ask that question may I, on a question of privilege, congratulate the hon. member for Vancouver-Kingsway on having enunciated the principle that our great duty is to help people to help themselves. I like to hear him say that.

The question I want to ask, Mr. Chairman, is this. The parliamentary assistant has told us that some crown corporations have no pension plan. Where does that leave the people of Canada? We are the shareholders of a company that has no pension plan, as I understand it. Are we really running up a hidden liability? Can we, when the working days of those people are over, say "good-bye" and do nothing about it, or are there special circumstances connected with those corporations?

Mr. Benidickson: My hon. friend will find that there are temporary circumstances as the result of the temporary nature of the functions of the corporation. Again, I shall be very glad to give him the details when we come to sections of the bill.

Mr. Gillis: I am not going to say very much. I do not want to repeat what was said by the hon. member for Winnipeg North Centre or the hon. member for Vancouver-Kingsway. His reference to helping people to help themselves has always been the basic philosophy of this movement. I am sorry my hon. friend—

Mr. Macdonnell: I am always ready to learn.

Mr. Gillis: —seemed to imply that it was news to him. I suggest that the hon. member for Winnipeg North Centre send him some of our literature and bring him up to date.

Mr. Knowles: I will be glad to.

Mr. Gillis: I know you cannot carry on a broad discussion of the principle of the mobility of pensions under the terms of this resolution, but I welcome the step taken by the government at this time. While the bill the resolution foreshadows intends to extend the right of civil servants to take their superannuation rights with them into one of the crown corporations, such as named by the parliamentary assistant, I hope that the principle will be extended beyond that. The Canadian National Railways, for example, can be construed as a crown company and, as the hon. member for Vancouver-Kingsway said, an employee who comes under a superannuation plan whether in industry, the civil service, or a crown company, whether he be there for five, 10 or 15 years, has his superannuation paramount in his mind. He is frozen to the job because if he changes that job he will lose his superannuation and will require to start in somewhere else completely from scratch.

I believe the refusal to recognize this principle in the past has militated against the best interests of this country in that a lot of good men, because of the immobility of superannuation schemes, were obliged to stay on the job regardless of whether they, as individuals, could have made a better contribution in some other type of employment. I hope the adoption of this principle by the government will encourage industrial enterprises outside to make similar arrangements. Some have already done that, but not very many.

The whole principle of superannuation is, of course, another matter, but I still do not believe that in the final analysis you are going to find a solution for people who have reached the age of retirement by adopting the kind of piecemeal legislation we have approved in the past. This resolution indicates the government is finally paying some attention to some of the things said over the years, really getting down to business, and working on these problems. Because of conditions in the past we have lost a good many politicians who would have made good members of this house. The provincial superannuation schemes can be taken as an example, particularly with regard to teachers. If a teacher is nominated and becomes a politician he loses his superannuation, and in some provinces his job is completely out. Let us hope, therefore, that the provincial legislatures will read the discussion which will take place on this bill and amend their regulations accordingly, because no doubt we have already lost quite a number of Sir Wilfrid Lauriers and Joseph Howes because of the restrictions on teachers particularly, some of whom would have made good members of parliament.

Mr. Benidickson: Mr. Chairman, I think I should point out to hon. members that interchangeability is not being introduced at this stage in so far as relationship between these corporations and the public servant is concerned. That has been provided for in the past by the acts to which I referred in my opening remarks.

Mr. Knowles: But only on a very limited basis.

Resolution reported, read the second time and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 461, respecting the superannuation of government employees transferred to crown corporations.

Motion agreed to and bill read the first time.

RADIO ACT

AMENDMENT TO AUTHORIZE EMPLOYMENT OF UNITED STATES PERSONNEL AND IMMIGRANTS AS RADIO OPERATORS

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 446, to amend the Radio Act.

He said: Mr. Speaker, section 7 of the Radio Act provides that no person shall be employed as a radio operator on any coast, land, or mobile station unless he is a British subject, and the section goes on to make certain exceptions to this provision.

It has become necessary, by virtue of agreement with the United States for certain operations to take place in Canada by United States' citizens on defence and radar stations, to exempt the operators of radio stations from the provisions of that section. At present the position is, as I previously explained, that none other than British subjects can operate these stations and it is proposed by means of this bill to cover three cases of exceptions.

First, certain aircraft pilots who by virtue of the agreements under the international civil aviation organization may operate in our country. He may fly his plane in our country but there is no point in his doing so if he cannot operate the radio, and in the case of many citizens who are not British subjects that is not possible. We therefore feel that that operation should be recognized by virtue of this amendment.

Then, with reference to the case I mentioned earlier, it was necessary by virtue of

the emergency powers regulations to authorize the Minister of Transport to enter into agreements with the United States government whereby United States' citizens could be exempted from the regulations laid down in section 7. That is also covered by a subsection of this bill.

Finally, there are the cases of landed immigrants who have not been in the country long enough to achieve Canadian citizenship and are not yet British subjects. Great hardship is being imposed upon many of these landed immigrants who cannot, for example, even operate a walkie-talkie in a taxi or operate a motor truck on construction jobs simply because of these regulations. The bill purports to exempt them in the performance of their duties. There is no time limit, as can be seen, such as existed in other bills which were enacted under emergency legislation and then put into various statutes of the Department of Transport. The reason for that is that we think this legislation should be permanent.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this appears to be an innocuous little bill but we believe it should be carefully scrutinized by the house before being given a second reading. The minister has given us a brief explanation of the effect of the bill, and he did the same thing on first reading. His explanation on that occasion will be found at page 4769 of *Hansard* for May 17, 1954 where he is reported as follows:

> Mr. Speaker, the Radio Act provides that no one shall be employed as a radio operator unless he is a British subject. By virtue of the Emergency Powers Act the Minister of Transport was authorized to enter into an agreement with the United States government providing that it could establish radio stations in northern Canada and employ operators who were not British subjects. The object of this bill is to amend the Radio Act in order to implement, by way of legislation, that arrangement and also to include certain landed immigrants to be employed as radio operators and who are not yet British subjects.

Here we are proposing to hand over some Canadian keys to the United States and for that reason in particular the bill deserves extremely careful scrutiny. I would point out that under the present provisions of the Radio Act, which is chapter 233 of the Revised Statutes of Canada, 1952, there is a provision enabling the governor in council to make certain exemptions; and it seems to us to be broad enough as it reads without giving this blanket authority to let in any whole group of operators of radio stations. Section 7 of the Radio Act, in subsection 1, provides as follows:

> No one shall be employed as a radio operator at any coast, land or mobile station unless he is a British subject.

I would point out that three types of stations are described, namely coast station, land station and mobile station. I would also point out that under the bill now before us authority to exempt is so broad that it covers all kinds of stations; it is not restricted to land stations. Subsection 2 of section 7 of the Radio Act provides for the taking of a declaration of secrecy. It reads in part as follows:

> (2) All radio operators at coast or land stations or on mobile stations shall take and subscribe a declaration of secrecy in the form set forth in the schedule, before a judge of any court, a notary public, a justice of the peace or a commissioner for taking affidavits,—

And so on. The next subsection of section 7 of the Radio Act makes it a crime for a person who has taken a declaration of secrecy to disclose any information. There is this firm provision for making certain that the operators have taken an oath, a declaration of secrecy, and that they can be punished severely for breaking that oath.

Then the present subsection 4 of section 7 of the Radio Act is the one which grants the power to make exemptions. As I said a few moments ago, it seems to us to be broad enough to cover the present situation. It reads as follows:

> (4) The governor in council—

Which of course means the cabinet.

> —may, by regulation and on such terms and conditions as he may prescribe, exempt from the operation of this section a non-resident of Canada who
>
> (a) is employed as a radio operator on a radio station in Canada,
>
> (b) holds a valid Canadian certificate of proficiency or an equivalent certificate issued by the country of which he is a citizen,—

That provision, of course, would make it broad enough to apply to an American who held an American certificate.

> —and
>
> (c) is a resident and citizen of a country that grants a reciprocal permission to Canadian citizens to be employed as radio operators in that country.

If the United States grants a similar permission to Canadian citizens, there is in the act already power for the Canadian cabinet to grant exemption; and that seems to be the basis on which it should be kept. These rights should be reciprocal. If we are to give the Americans certain rights in our country, we should have exactly the same rights in their country. That is what is provided by subsection 4 of section 7 of the present Radio Act. If the situation now is that the Americans do not give Canadian citizens the same right, the government should get busy, negotiate with the United States and get these rights, in which event

there would be ample power under the Radio Act as it stands at the present time.

But instead of that procedure, the minister is asking for the following power. In clause (b) of the new subsection 4 there is to be given power to grant exemption—that is, the cabinet can grant exemption to:

(b) a person who is employed as a radio operator on a radio station in Canada by the government of another country or any agency thereof.

That provision just gives the blanket power to allow American operators to come into Canada. They do not even need to be employed by the United States government. They can be employed by an agency of the United States government and still get the exemption. The clause which I have just read is not confined to the United States. It states:

—a person who is employed as a radio operator on a radio station in Canada by the government of another country—

It might be any other country although, from what the minister has said, I take it that he wants this power in order to deal with American operators of these stations. However, I suggest in the first place that the power is not necessary if the United States give us the same rights that we give them. If it is necessary, I suggest that the bill should be restricted to the United States and should not be made so wide that it covers every country in the world outside of Canada. If it is to apply to the United States, then it should be set out that the power is to be exercised pursuant to an agreement between Canada and the United States. These things cannot be too carefully handled. This should be done by agreement between the two countries rather than by our just writing into our statutes a provision that people can come here from any other country—that is, a citizen of any other country—and can be exempted from our laws.

On the first reading the minister mentioned the fact that there is an agreement between Canada and the United States. We should know what that agreement is. The house should be shown that agreement. Possibly it should be made a schedule to this act. But instead of bothering to do that, the department simply brings in a bill giving blanket authority to allow operators from any other country to run these radio stations in Canada when at the same time our own Canadians running these stations are obliged to take this declaration of secrecy and are subject to these heavy penalties.

The whole Radio Act is an extremely strict one, and quite properly so. But that is all the more reason why American operators should not lightly be given exemptions. I suggest that it is time the government stopped handing over blanket authority to the United States, something which in effect is being done by this bill.

Then the minister referred to the provision which is now to be written into the act to cover landed immigrants. That is a new approach. That is a new kind of legislation in Canada. At the present time the only person who can be a radio station operator in this country is one who is a British subject. Of course that includes all who are Canadian citizens. I can see that there may be cases where a new settler has come here and wants to get a job driving a taxi equipped with a radio control system. It may be that provision should be made to permit such a person to operate that type of taxi, but to do so we do not need to have an amendment which can exempt every person who is a resident of Canada from the requirements in connection with any kind of station. The amendment would cover coastal stations, land stations and mobile stations. The bill gives the government the blanket power to grant exemption to any landed immigrant.

I suggest that if a provision has to be put into the act to meet this situation the exemption should be restricted to mobile stations. We find that in section 5 of the Radio Act there is a reference to radios installed in automobiles in these words, "a radio receiving set installed in an automobile". Perhaps power should be given to exempt residents of Canada, even though they are not Canadian citizens or British subjects, in the case of a radio installed in an automobile. I do not see very much objection to a provision of that kind, but it should be restricted to the situation that has to be met today rather than providing authority for a blanket exemption.

We regard these two points, particularly the first one, as serious defects in the bill, and in the face of the objections we have raised we are hoping that the minister will go over the bill again in order to see whether or not some change cannot be made to bring the amendment much more in line with the actual situation which exists. There is one other minor point about the bill. In the new subparagraph (a) (ii) of subsection 4 we find the words:

"Holds a valid Canadian certificate of proficiency—

Then these are the words in question:

—or other authority to operate a radio station issued by the minister . . .

That looks as though the minister is seeking the power to issue some new type of certificate. I may not have read the Radio Act correctly but I cannot find out just what is meant by the words "or other authority

to operate a radio station issued by the minister" unless the minister is now asking for a brand new power to grant some new kind of authority for the operation of a radio station which is not already contained in the Radio Act. I place these three points before the house. I am afraid it is not quite as innocuous as it appears at first sight or as it sounded from the explanation given by the minister.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I can imagine that before this debate goes very far someone on the government side may point out that we on the opposition side have objected to this sort of thing being done by order in council and have contended that if it had to be done at all it should be done by statute, which is precisely what the government is now doing. I hope the minister will not take it for granted, because what was formerly done by order in council is now to be done by statute, which is the correct way of doing it, that that makes the substance of this measure perfectly all right. Before I go into the question of the substance of the bill I feel I should say this word in view of the fact that the bill in part at least is designed to carry forward what was done by order in council under the Emergency Powers Act.

It seems to me that the fact that it is now being done this way by a very simple little bill underlies the fact that it should never have been done the other way. It underlines the fact that the Emergency Powers Act was really a matter of convenience for the government.

Mr. Speaker: Perhaps we should not go into the virtues of the Emergency Powers Act.

Mr. Knowles: There are none.

Mr. Speaker: If the hon. member was not making a little excursion into that field I am at a loss to know what he was doing.

Mr. Knowles: It is very easy to obey your suggestion that I refrain from going into the virtues of the Emergency Powers Act because I do not think there were any. I simply point out, and I notice that Your Honour has a copy of the bill in your hand, that in the explanatory notes on the righthand page reference is made to the fact that part of this bill is a carrying forward of what was formerly provided by order in council under the Emergency Powers Act. I tried to find the order in council referred to there by a certain number and certain date but I could not find it and the officials in the library could not find it either. Maybe the wrong number and wrong date have been given.

[Mr. Green.]

Mr. Chevrier: I will let my hon. friend see it.

Mr. Knowles: That will be fine. I did not think it was secret, but there seems to be some difficulty in locating it. I have no intention of going into an excursion on that point, Mr. Speaker, but I do think the simplicity of the bill, which is just one page, emphasizes the fact that if matters of this kind are to be dealt with at all, the way to deal with them is by bringing them before parliament in the form of a bill rather than doing it by order in council under an emergency powers act. I have not much more to say at this stage but as it is six o'clock perhaps I can have a few minutes at eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Knowles: When the house rose at six o'clock, Mr. Speaker, I had pointed out that if it is the wish of the government to have legislation of this kind, it is far better to achieve that end by the enacting of a statute such as this than it is to do it as it was formerly done by means of an order in council under the Emergency Powers Act. However, I should like to say just a few words with regard to the substance of the bill itself.

I am sure that no one can take issue with the desire expressed by the minister to implement the arrangements that we have under ICAO, and to make it possible for the pilots of planes, where we permit them to fly over Canadian territory, to operate their radio sets. Obviously that is in the best interests of safe navigation by air. Similarly we take no exception to the idea that there should not be on the statute books legislation that denies to certain people, such as landed immigrants, the possibility of making their living by the driving of taxicabs which are equipped with two-way radio sets for the purpose of controlling their operations. If there are sections of this bill that are necessary to achieve those two purposes, then it seems to me to that extent to be quite in order and quite appropriate.

However, when one comes to this matter of making special provisions on a one-way basis for persons who are employed in Canada by the government of another country or any agency of the government of another country, I feel the hon. member for Vancouver-Quadra (Mr. Green) was not stating it too strongly when he suggested that goes

a little too far. I have no objection to reciprocal arrangements with other countries, and that includes the United States. But it does seem to me that a provision for such reciprocal arrangements—in other words, for a privilege to be granted both ways—is already included in the Radio Act, section 7, subsection 4, paragraph (c). It says that:

> The governor in council may, by regulation and on such terms and conditions as he may prescribe, exempt from the operation of this section a non-resident of Canada, who is a resident and citizen of a country that grants a reciprocal permission to Canadian citizens to be employed as radio operators in that country.

If the precise terms of that subsection do not go far enough I would have no objection to that subsection being amended, provided this whole arrangement is kept on a reciprocal basis. It seems to me that is the pith and substance of section 7, subsection 4, paragraph (c) as it now stands. Whatever is provided is on a reciprocal basis. On the other hand, the pith and substance as I see it of the corresponding part of the bill now before us is that we are asked to agree to persons from other countries working for the government of another country or the agency of government of another country in Canada having a special one-way privilege.

I have no desire to stir up any animosity towards any other country, friendly or otherwise; far from it. I see no particular point in trying to whip up any feeling with respect to national prestige or national pride, but it does seem to me it is a matter of common sense, and that it should be a matter of concern to us, that an arrangement like this be kept on a reciprocal basis. The minister indicated to us that the purpose of this part of the bill is to make a one-way arrangement of this kind with the United States, so that employees of the United States government or of an agency of the United States government might have a special privilege as radio operators in Canada. I believe that, particularly at this time in international affairs, when that country seems to be doing a lot of pushing around of other people and doing many things in an effort to get its own way, it would not hurt us to say to that country, this kind of arrangement is all right provided it is on a reciprocal basis. I hope the minister and the government, therefore, will, even at this late date in the stages of this piece of legislation, take another look at it and see if it is not possible to achieve what the minister and the government may feel has to be achieved on a reciprocal basis as provided in the act prior to the introduction of this bill, rather than on the one-way basis set out in Bill No. 446.

Perhaps the minister might let the matter stand in committee of the whole for this point to be considered or, since it does involve relations with other countries, he might be prepared to send the bill to the committee on external affairs. In any event, I hope that further consideration will be given by the minister to the point raised by the hon. member for Vancouver-Quadra, and the point to which I have spoken just now, namely that an arrangement of this kind should be kept on a reciprocal basis.

Mr. Solon E. Low (Peace River): I thought at first, Mr. Speaker, that Bill No. 446 was quite an innocent bill, and it may yet prove to be that. I have not made up my mind as to that. I have listened with keen interest to what was said by the hon. member for Vancouver-Quadra (Mr. Green), and again by the hon. member for Winnipeg North Centre (Mr. Knowles). It does seem to me that the minister has not given us sufficient information about paragraph (b) to help us make up our minds whether or not we are granting him too much authority. The whole bill places in the hands of the minister quite wide powers, and if he were to be placed in a position where, having granted the employees of the United States certain exemptions under paragraph (b), I wonder what he would say if another country were to come along and ask him to grant the same exemption on the same basis as that granted to employees in the United States?

I can see that he might get Canada into serious trouble by the exercise of the powers granted to him under this bill. It would seem that his safest position would be to say to any country asking for exemption on a one-way basis, well, the act circumscribes my power and does not allow me to grant exemptions unless on a reciprocal basis. We will be glad to sit down and try to work out some such reciprocal agreement. If we cannot, then I just could not grant the exemption. If I were in the minister's place, rather than lay myself open to all the pressures that might be placed upon me after having granted one country and its employees an exemption as provided for in paragraph (b) I would rather be in the position I have described.

For this reason, and for the three reasons already set out by the hon. member for Vancouver-Quadra, I would have very serious reservations about supporting the bill on second reading. If in his closing remarks the minister can shed more light on the necessity for providing the exemptions as set out in paragraph (b), then I might change my mind. But at the moment I must join with those

who have already spoken in asking the government to take a very careful look at the implications in this bill.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, it is not my intention to repeat the arguments advanced by the hon. member for Vancouver-Quadra (Mr. Green) and the hon. member for Winnipeg North Centre (Mr. Knowles).

The minister outlined the various types of persons who might be exempt, namely those operating radio stations in Canada, one who holds a certificate for efficiency, and so on, and also made reference to new immigrants coming into this country. He made reference to the pilots who might be flying over Canada and would be anxious to use their radio equipment. He also referred to taxi drivers who might be working on two-way radio systems.

Of course there are a great many other types of people who use radio. I have in mind all those men employed in our coastwise shipping industry, vessels moving between various ports, particularly on the Pacific coast. These vessels use radiotelephony constantly. Then, every fishing vessel is equipped with radiotelephony, and they are constantly talking from ship to ship, or from ship to shore. In fact, any passenger on one of the C.P.R. vessels plying between Vancouver and Victoria, for instance, for a very small charge may speak over the radiotelephone system from ship to Vancouver or from ship to Victoria, or any other point connected by ordinary land-line telephones.

Are all these people expected to obtain special exemption from the minister, or just how does this work? The minister did not explain, and I do not know. If he can spare the time I would appreciate his telling us how it would operate, and how the regulations would apply to men employed on the ships or who are working in fishing vessels off our coasts.

We must also remember that in Canadian waters there are nationals of other countries whose vessels are also equipped with radio and radiotelephone. Just how would it apply either to United States fishermen working in Hecate sound, for instance, or shall we say, to Portuguese fishermen who might be entering our east coast ports off the island of Newfoundland?

We would like to have some explanation on these points. Then, with respect to stations operated by radio operators of another country, I feel I must share the views already expressed by the hon. member for Vancouver-Quadra. It does seem to me that it is opening the door rather wide if we allow an operator from any country to come and have the right to operate from any of our northern islands or in our Arctic territory. I hope a full explanation will be given by the minister.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, looking over the bill and the explanatory notes I was wondering whether there would be any objection to incorporating in the bill itself the very clear explanation given in the explanatory notes. As has been pointed out by other members who have spoken, the bill seems to be drafted in a way such as to open the door very wide, whereas the explanatory note clearly limits the operation of the bill to United States personnel. In that respect I should think the explanatory note is a bit misleading. For example we see that it reads in this way:

> The purpose of this bill is to amend the Radio Act to authorize the employment of United States personnel as radio operators on United States government radio stations in Canada.

That seems to be very clear, and I doubt whether there would be any objection to it. Then the explanatory note goes on to tell us what was in the order in council—which, by the way, we have not been able to locate. Again quoting from the explanatory note:

> Order in council P.C. 3484 of August 8, 1951, made under the Emergency Powers Act, authorized the Minister of Transport to grant permission to the government of the United States to establish and operate radio stations in Canada, and to employ radio operators in connection therewith who are not British subjects.

In the bill itself there is no suggestion that these exemptions will apply only to personnel employed by the United States government on these operations in which the United States government is engaged in Canada, mainly for purposes of defence. It is to that feature of the bill the opposition is quite properly, I suggest, raising objections. Why should it extend now to almost anyone? Why cannot the bill state in its terms the effect of the explanatory notes? Why does the government require such wide powers in this form?

The additions to the section extend to the minister the power to exempt a person who has either the authority to operate a radio station issued by the minister—that is, rather than a valid Canadian certificate—or a certificate of equal validity from some other country.

It is on that ground that objection is taken to this bill; and it would be interesting to hear from the minister just why it is not

possible to express as accurately in the bill itself the purpose and intent we are led to believe is behind the measure from reading the explanatory notes.

Mr. McIvor: I should like to ask a question.

Mr. Speaker: Order. If the hon. member wishes to ask a question, perhaps he would do so at the committee stage.

If the minister speaks now, he will close the debate.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I have listened carefully to the contributions made thus far in the debate, and I can assure hon. members that the bill is exactly what it purports to be, namely simply a bill which brings into operation the order in council passed under the Emergency Powers Act. If the bill is examined more carefully it will be found that paragraph (b) is the paragraph which carries into effect the powers which were given to the governor in council under the Emergency Powers Act. There is little or no change in the rest of the act, save the covering of the landed immigrant, which was not there before. The other part of subparagraph (iii) was there exactly as it is; subparagraphs (i) and (ii) were there practically identical as they are now with the addition of the words: "or other authority to operate a radio station issued by the minister". So that in effect there is little or no change in this legislation from what was contained in the order in council.

Let me deal with the objections raised by the various members who spoke. The objections of the hon. member for Vancouver-Quadra (Mr. Green) can be summarized under three or four headings. Perhaps it can be said that he objects to the whole bill as it is now; whereas the hon. member for Winnipeg North Centre (Mr. Knowles) objects to the (b) part of the bill only, that part which I am sure upon reflection he will agree simply carries into effect the authority to make regulations under the Emergency Powers Act. I will come to that later on.

Mr. Knowles: Don't forget to come to the one-way basis.

Mr. Chevrier: Yes. The hon. member for Vancouver-Quadra, in dealing with the (b) part says: "Why not limit it to the United States; why say in there, a person who is employed as a radio operator on a radio station in Canada by the government of another country or any agency thereof?" The answer is that there might be a request from a NATO country, a country other than the United States, for the same privileges that are being accorded to the United States under paragraph (b).

Now then, dealing with paragraph (b), and here I shall be limited to some extent in what I have to say because a great deal of this I cannot divulge to the house. I think that will explain the position to the hon. member for Winnipeg North Centre. For instance, the Pine Tree stations in Canada are operated now by the United States government. They are in the mid-Arctic, and they are operated partly by the R.C.A.F. and partly by the United States air force. It has been asked, well, why do we not do this on a reciprocal basis? Well, does anyone suggest that we should be operating radio stations in the United States? If anybody sees any reason why we should do it, I would like him to tell me because I am not aware that we are anxious to establish stations of that nature in the United States.

Well, the next group of stations are the United States air bases in Canada which were established prior to union with Newfoundland, some at Argentia, Fort Pepperrell, Harmon field, and I think there is one more, although I am not too sure. All of these stations are in operation now and they are being operated by radio operators who are not British subjects, under the powers contained in the order in council passed under the Emergency Powers Act. The same can be said of our own joint stations in the Arctic. By "these stations" I mean the joint weather stations operated by the Americans and the Canadians for meteorological services. There are, if my memory serves me right, some five such stations. There is one at Resolute, one at Isachsen, one at Mould Bay, one at Alert and the others leave my memory for the moment. These stations are operated jointly with the United States government, by virtue of an agreement which was made on the recommendation of the permanent joint board on defence. This was done as the order in council sets out, on the recommendation also of the Minister of National Defence (Mr. Claxton) and of the Secretary of State for External Affairs (Mr. Pearson). That is why paragraph (b) of the bill is placed therein. All paragraph (b) does is to carry into effect the powers taken under the Emergency Powers Act.

The hon. member for Vancouver-Quadra raised the question of landed immigrants and suggested in his remarks that these should be limited to mobile stations. Let me say to him that a great deal, in fact the vast majority, of radio operations do not apply to mobile stations, but to permanent stations such as radiotelephony and radio operations in various locations which are permanent, in construction and tourist camps which are permanent and in a number of other stations. If an immigrant is not going to be allowed to be

exempt from the operations of that paragraph then many of these jobs cannot be taken by him.

Reference was made to subparagraph (ii) of paragraph (a) which reads:

> holds a valid Canadian certificate of proficiency, or other authority to operate a radio station issued by the minister, or an equivalent certificate or authority issued by the country of which he is a citizen.

That is already in the act save the words underlined. Let me give an explanation of that and I think I can deal with the objection raised by the hon. member for Esquimalt-Saanich (Mr. Pearkes).

The certificate of proficiency mentioned in the act is required in the more advanced and complicated type of radio communication such as the type my hon. friend had in mind: ship radio, ship-to-shore operation, airborne radio, such as a pilot who operates under the ICAO agreement over Canada. The pilot will not be allowed to operate radio unless there is evidence that he has met a requirement similar to that which we have here or something that is equal in standing. The proof of that is that we apply in our own country the requirement laid down by the international civil aviation organization.

Then, the certificate of proficiency has also to do with ground stations for communication with aircraft or with shipping. At the terminals all across Canada the terminals are in constant contact with the aircraft overhead going from one station to another and others are also in constant contact with shipping. Here we require a certificate of proficiency that has been approved by the department.

The same can be said of commercial communications where long distances are involved, but most other types of radio operating are dealt with by lesser authority which is not covered by a certificate such as that which I have been referring to. That has also been laid out in the radio regulations, and if any hon. member cares to obtain for himself these regulations he will find on page 6 regulation 13 (2). Perhaps I had better read regulation 13 (1) first and then (2), because they go together. Regulation 13 (1) reads as follows:

> (1) No person shall act as a radio operator on any station in Canada without a Canadian certificate of proficiency in radio of such class as may be specified in the licence.

Now, this is the provision on which I wish to lay emphasis:

> Nevertheless, the minister may at his discretion permit certain stations or classes of stations to be operated by persons who are not the holders of certificates of proficiency in radio, provided such persons are British subjects and capable of demonstrating to a departmental radio inspector that they are proficient in the operation and maintenance of the equipment at the station on which they are employed.

Now, that section 13 paragraph (2) is designed to cover cases which are not at all like that raised by the hon. member for Esquimalt-Saanich. It is designed to cover the case of the ordinary taxi driver who talks through a walkie-talkie with his office, and the case of the construction camp operator who is in control of a truck with a radio system operating from the truck to the office. However, the fact that he must be a British subject prohibits the landed immigrant from such employment. It seemed to us that it would only be fair and reasonable to allow that individual to operate this lesser class of radio station, if I may so call it that, so that if this bill is passed the regulation which I have just read would remain as it is to cover the secondary class, if it may be so called, and we would take out the words "provided such persons are British subjects"; thus in order to cover the landed immigrant the section would simply read:

> Nevertheless, the minister may at his discretion permit certain stations or classes of stations to be operated by persons who are not the holders of certificates of proficiency in radio, provided such persons are capable of demonstrating to a departmental radio inspector that they are proficient in the operation and maintenance of the equipment at the station on which they are employed.

That would not affect in the slightest degree the complicated and more advanced kind of radio communications such as that employed by a pilot in an aircraft in which radio is essential, such as that operated by the mariner on the ship, or the experienced operator on shore who is in constant contact with the ship and equally, such as that used by the operator at an air terminal who is in constant contact with the pilot above.

As regards the remarks of the hon. member for Winnipeg South Centre (Mr. Churchill), I think he put his point extremely well because he stated that if only we would put into effect the explanatory notes then he could see no objection to this. Well, Mr. Speaker, that is exactly what was done in the (b) part and that, at least for the (b) part itself, is the object of this bill, the other part being there to clarify more than anything else. The object of the bill in part (b) is to carry into effect the provisions of the order in council, and I hope I have been successful in explaining to the house why it would not be practical to secure reciprocal arrangements for places such as those I described earlier.

Finally, there is in my opinion no difference between what is being done here by legislation, and what was being done by

order in council under the Emergency Powers Act. It is simply putting the latter into effect and if we were not to put it into effect I am sure we would have to revise all these agreements and arrangements we have made with the country to the south for the defence of the far north and the mid-Arctic.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Exemptions.*

Mr. Green: Mr. Chairman, I would like to ask the minister if there has been any attempt made by the government to work this problem out on a reciprocal basis with the United States. I can see no reason why as a condition of granting these privileges Canada should not have asked that she be given the same privileges, even though at the moment she may have no use for them. Take, for example, the situation which prevails on the west coast where you have the panhandle of Alaska dropping down across half of the western boundary of British Columbia. It may be of great importance some time to the defence of Prince Rupert, for example, that there should be a Canadian radio station on one of the islands off that city, or it may be vital to the defence of Whitehorse in the Yukon that there should be a Canadian radio station in Alaska.

Now, why should it not be possible for Canada to negotiate a reciprocal agreement with the United States under the terms of which the two countries would have similar rights? If that were done then the act as it reads at present is broad enough to give the governor in council power to grant exemptions to operators on American stations in Canada. But this business of the Canadian government apparently not making any attempt whatsoever to obtain a reciprocal agreement with the United States and giving them one-way rights seems to me a very poor basis on which to deal with the United States or any other country, even though it is a friendly country.

The minister has excused himself on the ground that this provision was dealt with previously under the Emergency Powers Act, but he told us today that it is now to be permanent and is no longer an emergency measure at all. I cannot see why the Canadian government should not have made permanent and proper reciprocal agreements with the United States under which Canada has the same rights in the United States as the United States has in Canada. If that had been done there would be no need whatever for the one-way provision.

Mr. Chevrier: Mr. Chairman, the question which my hon. friend puts is this: Why should there not be a reciprocal agreement? Well, when the agreements were entered into some time ago, some years ago in fact, with the United States there was no reason to ask for Canadian installations in the United States because we did not require installations in the United States. When the hon. member puts that question to me in that direct fashion the only answer I can give him is that I must be guided by the Minister of National Defence who feels that similar stations are not required by Canada in the United States.

The arrangements which were made in Newfoundland, I presume, were made before confederation. I think my hon. friend would have to admit that these should be continued. That being the case, if we are not going to continue them under the Emergency Powers Act we must continue them by legislation. The joint weather stations that I referred to earlier are operated partly by the United States and partly by Canada. I can say that just as soon as Canada is able to obtain the necessary personnel to operate these stations, she will do so. We have succeeded in taking over a number of these stations but not all of them, because we have not had the personnel. The position was that when these joint weather stations were established we did not have the necessary personnel. We have now been able to train some of them and gradually we are taking those stations over.

Mr. Green: The minister did not answer part of my question which was this. Has the government made any attempt to negotiate with the United States a reciprocal agreement under which we would have the same rights to establish in the United States a station operated by Canadians as they have to establish in Canada a station which is operated by Americans? Has the government ever attempted to negotiate an agreement of that kind?

Mr. Chevrier: I am afraid I could not answer that question. I was not a party to those negotiations. These negotiations covered far more than radio operations. After all, the radio operations in the agreements were only a portion of it. While they were part of it, the powers which were given to these American operators were given through the Department of Transport by virtue of a permission from the minister to the United States government. But when my hon. friend refers to the agreement, I am afraid that I cannot be of much help

because these are matters which were negotiated by a department other than my own.

Mr. Green: Am I fair in saying that so far as the Minister of Transport is concerned, he knows of no negotiations for a reciprocal agreement having been undertaken with the United States?

Mr. Chevrier: No, I could not say that; that would not be fair because that would not be the position in so far as I am concerned. I would have to take the word of those who have negotiated the agreements and who, as far as I know, tell me that the position is such as I have indicated it here.

Mr. Green: The minister knows whether there have been negotiations for a reciprocal agreement or whether there have not been. Which is the case?

Mr. Chevrier: I told my hon. friend earlier that I was not a party to the negotiations and that I could not therefore be of any assistance in that question. My hon. friend wants me to say yes or no. I am not going to say yes or no. I am afraid that if that information is required it will have to be obtained from some other minister.

Mr. Green: The minister knows whether or not there have been negotiations with the United States with regard to a reciprocal agreement.

Mr. Chevrier: There have been.

Mr. Green: The minister says there have been negotiations?

Mr. Chevrier: Yes.

Mr. Green: Have the Americans turned down Canada's request for a reciprocal agreement?

Mr. Chevrier: I do not know that a request has been made. I do not imagine that a request has been made. As I said earlier, there was no requirement for Canada operating such stations on American territory. I have now said that twice.

Mr. Fraser (Peterborough): Would the Secretary of State for External Affairs know that? Will the Secretary of State for External Affairs answer that question?

Mr. Pearson: I cannot give an answer to that question, Mr. Chairman, but I shall be glad to look into it. I have no knowledge of any negotiations of the kind mentioned by my hon. friend.

Mr. Green: I would suggest to the minister that an attempt be made now to negotiate an agreement on a reciprocal basis so that both countries are treated alike and so that we get in the United States the same rights as they get in Canada.

Mr. Knowles: It seems to me that the minister is begging the question, if I may put it that way, when he says that we should not press this point about making these arrangements on a reciprocal basis on the ground we do not need any Arctic stations in the United States. Obviously we have the Arctic; the United States has not, except for the references to Alaska and the panhandle which have already been made. Surely we are taking a valid position when we suggest that when arrangements are given to the United States by Canada, the United States should be prepared to give similar arrangements to this country. If the government were to approach the matter in that way, it seems to me that it could be done, as we have already suggested, under the reciprocal language of section 7, subsection 4, paragraph (c) of the present act. In other words, the minister has not brushed aside as easily as he thinks he has our point in this connection.

While I am on my feet I should like to put one or two other questions to the minister. He said this was a simple bill; and the simplest part of it, of course, is the (b) part which, as he says, carries forward into statute form the provisions of the order in council which was passed under the Emergency Powers Act. I regret that I have still been unable to locate a copy of that order in council, despite my best efforts. However, we can only assume that the summary of that order in council listed under the explanatory notes is a correct one. I point out that according to these explanatory notes we are to understand as follows:

> Order in council P.C. 3484 of August 8, 1951, made under the Emergency Powers Act, authorized the Minister of Transport to grant permission to the government of the United States to establish and operate radio stations in Canada, and to employ radio operators in connection therewith who are not British subjects. This order in council will expire on May 31, 1954.

According to that summary of the order in council there are two main features of it. One is the permission to the United States to establish and operate radio stations in Canada. The other is the permission to employ radio operators in connection therewith who are not British subjects. As I see it, the (b) part of this bill carries forward the second of those permissions. It carries forward permission to the United States to employ radio operators in connection therewith who are not British subjects. May I ask the minister this question? Where is there

legislation that carries forward that other permission, namely the permission to the United States to establish and operate radio stations in Canada? The explanatory notes say that that permission was provided in order in council P.C. 3484 of August 8, 1951, and that that order in council will expire on May 31, 1954. Perhaps the minister can find the answer to that question.

While I am on my feet—because others may get the floor if I sit down—may I ask one or two other questions? Since we are talking about reciprocal arrangements, and references have been made to pilots of planes flying over Canada under arrangements made under ICAO, may I ask what the situation is with respect to Canadian pilots of Canadian planes when they fly over United States territory? Do they have the right to use their radio sets when they are so doing, despite the fact that they are not United States citizens? Similarly may I ask whether there are Canadians who go to the United States and get jobs driving taxis with two-way radios? Are they permitted to do so? My assumption is that the answer to these two latter questions is in the affirmative. I assume that there is no prohibition against Canadian pilots in Canadian planes flying over the United States using their radio sets. I also strongly suspect that there are Canadians in the United States driving taxicabs with two-way radios. Those are examples of what might be called reciprocal arrangements in those fields. Why can we not have this other matter on a reciprocal basis as well?

Mr. Chevrier: In answering my hon. friend's two questions may I say that the arrangements are entirely reciprocal in the civil field. My hon. friend referred to ICAO pilots flying over Canada. Reciprocally, Canadian pilots fly over the United States and have the same rights as American pilots have here by virtue of ICAO arrangements. Similarly American tourists who move into Canada in automobiles and operate their radio sets are, by virtue of reciprocal arrangements, covered by the Radio Act. So are we when our own citizens move into the United States and operate car radio sets. There is complete reciprocity in the civilian field. My friend raised another point which is not covered in the bill but is covered in section 5 of the act. If he looks at it, I think he will find the answer to his first question.

Mr. Fulton: In the answers the minister gave before second reading of the bill he emphasized that the necessity for the order in council and for the bill we now have before us was largely because of the arrangements we had with the United States for the establishment by them of certain radar stations and the joint operation by ourselves and the United States of some meteorological stations. With respect to the meteorological stations his words, as I recall them, were that these joint stations were instituted on the recommendation of the joint defence board. It seems to me that with respect to both these types of stations the purpose is primarily in connection with joint defence arrangements for the defence of this continent. These arrangements are a necessity to which no one can object.

That being the case, why is it not possible to insert words in the bill which would limit its operation—I refer particularly to subclause (b)—to installations connected with defence, the terms of operation of which installations are the subject of international agreement in that regard? There could be no objection from here or anywhere else to sensible arrangements allowing the United States to use radio operators who are non-Canadians in these stations which they establish under the joint defence arrangements. Why should there be a wide-open provision?

Mr. Chevrier: What section is my hon. friend referring to?

Mr. Fulton: I am referring to subsection (b) particularly of the proposed bill. Why not limit its operation to those stations which are important from a defence point of view, which is the justification that the minister himself gave for its inclusion? As it stands now, it is a wide-open provision under which the government has authority to give permission to any other country. The minister said we might get an application from another NATO country. All right; when we get the application let us deal with it. For that matter, we might get an application from any other country whatsoever whether or not it is a NATO country, and without any words limiting it to joint defence the government would have the power to make that arrangement. I do not understand that to be the basis upon which the government puts it, and I feel we should hear from the minister as to why he does not think it should be limited to installations having a defence significance rather than a wide-open power with no limitation whatsoever.

Mr. Chevrier: I should like to consider that. Perhaps the committee will want to discuss this further. On the face of it it may be possible to meet that point. As I say, the reciprocity arrangements cover the civil field only, and it might be possible to add some words at the end of (b) which would meet the position and which would not affect the bill. Perhaps I could consider that while the discussion is going on.

Mr. Stick: The minister referred to the United States bases in Newfoundland which were established under an agreement made during the war. I understand that the bill in no way interferes with that agreement but rather supplements and confirms it. Is that the position?

Mr. Chevrier: Both supplements it and confirms it.

Mr. Diefenbaker: I wonder whether the minister has a copy of the order in council that was passed.

Mr. Chevrier: I have it.

Mr. Diefenbaker: Has he placed it on the record yet? I came in late and did not hear the discussion, but I do not remember having seen that order in council at any time among those that were tabled.

Mr. Chevrier: It is not a secret order. I should like to use it during the course of the discussion but I will put the operative words on the record. It is not a long order. I would not like to read it all but perhaps I might put the last part on the record.

Mr. Knowles: Would the minister read the full title and any designation thereof? It does not seem to be listed in the consolidated index.

Mr. Chevrier: It is P.C. 3484, privy council, Canada, and is headed, "At the Government House at Ottawa, Wednesday, the 8th day of August, 1951. Present: His Excellency the Governor General in Council." There follow five whereas clauses, and the final clause reads as follows:

> Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Transport with the concurrence of the Acting Secretary of State for External Affairs and the Minister of National Defence, and under the authority of the Emergency Powers Act, and notwithstanding the provisions of the Radio Act, 1938, or any regulations made thereunder, is pleased, hereby, to authorize the Minister of Transport to grant permission, from time to time, to the government of the United States to establish and operate by its servants or agents, at such authorized military establishments and authorized weather reporting establishments in Canada as he may approve, radio stations equipped with transmitting or receiving radio apparatus or both, and to employ or authorize the employment of radio operators in connection therewith who are not British subjects, such permission to be in such form and terms and on such conditions and for such length of time as he may deem advisable in the public interest.

While I am on my feet, I think perhaps the point of the hon. member for Kamloops might be met, although I should like to carefully consider it, by the addition after the word "thereof" of the words "in consequence of a joint defence arrangement with the government of Canada". That might meet the position of the opposition. On the face of it I do not see any objection to it, but I should like to ask the Minister of Justice to glance at it in the meantime.

Mr. Fulton: I must say that the form of words suggested certainly embraces the point I had in mind so far as subsection (b) is concerned.

Mr. Diefenbaker: This whole matter suggests the tremendous changes that have taken place in recent years in connection with the surrender of territorial rights or rights of sovereignty in consequence of defence. One only has to go back to 1938 at which time the Canadian government did not feel like granting and did not grant to the British government the right to train airmen in Canada because it might be an invasion of the sovereignty of Canada. I should like to ask the minister this question. With the establishment of these weather stations and radio stations connected with defence what arrangement is there between Canada and the United States whereby Canadian sovereignty will be protected and whereby the population of some of these ice cubes of the north, these islands of the north, will actually remain subject to Canadian sovereignty and that sovereignty will in no way be interfered with as the result of co-operation? After all, that is very important in the granting of these rights.

We are asked to grant certain rights. We are asked to give the governor in council certain powers, and I ask the minister to what degree consideration has been given whereby the granting of these rights shall in no way operate as a derogation of Canadian sovereignty or territoriality? After all, if these rights and the right of occupation, the right to establish radio stations and these other types of stations are given, they might also convey in time the right to claim that territory. Surely there must be an agreement whereby these rights are protected. I should like to ask the minister that question particularly, because after all the granting of these rights by parliament may in the end mean the loss of sovereign rights for Canada.

Mr. Chevrier: I am sure the hon. member realizes, Mr. Chairman, the implication of the problem that he has raised. It is a problem that might well be raised, not on a bill such as this, but on the estimates of the Department of National Defence since the question he brings up is one that has to do with defence installations in the north. If it is not raised on national defence estimates, then at least it could be raised on the estimates of the Department of External Affairs.

I can, however, deal with that part of his question that has to do with joint weather stations because that matter comes under the jurisdiction of the Department of Transport. In so far as those stations are concerned, it is clearly understood, and I refer to joint stations, that the moment we have the required personnel we shall take over these stations. I mentioned earlier in my remarks five weather recording stations that Canada and the United States have established in Canada. They were Resolute, Mould Bay, Isachsen, Alert and Eureka. Of those five, we are now supplying four. There is still one in the northernmost part of Canada, Alert, that is supplied by the United States. Just as soon as we have the required personnel, not only will we operate these but we will supply Alert just as we are servicing the others now.

Mr. Diefenbaker: The minister says that these matters particularly affect the Department of National Defence. In the sidenote to this bill reference is made to the Emergency Powers Act and also the order in council that was passed under the provisions of that act. As I recall it, when the minister read out the order in council there was a reference not only to the Minister of Transport but also to the Secretary of State for External Affairs and the Minister of National Defence. In view of the fact that this amendment is to incorporate the order in council in question into the act, the matter does become pertinent to the discussion now and not later on when the defence estimates are before the house.

Mr. Chevrier: I think it is.

Mr. Diefenbaker: I would appreciate it very much if the Minister of National Defence, who has now arrived on the scene, could tell us and assure the committee, that in the establishment of these radio stations and the like in northern Canada provision has been made, other than the general agreement to which the minister referred, so that there shall be no invasion of Canadian sovereignty. To what extent is such agreement in writing and to what extent has it been incorporated into the terms of the joint defence?

I think of a recent example that to me was most surprising. It has to do with an airport at Goose Bay. About the 9th or 10th of May, the T.C.A. found it could not land in Newfoundland but could have landed at Goose Bay and gone on to Montreal. The Goose Bay airport was closed without any prior notification to T.C.A., and remained closed for some four days. That was the information given by the T.C.A. One naturally wonders, when these rights are being granted to the United States, whether or not Canadian rights are protected or whether sovereignty is being exercised at any time in derogation of Canadian sovereign rights over these areas

Mr. Claxton: The hon. member's remarks about Goose Bay are astonishing. Goose Bay is a Canadian airport, operated by Canadians. We have granted, under an agreement which has been tabled in this house, certain rights with regard to the occupation of land by the United States. I cannot conceive of Goose Bay being closed to T.C.A. unless it was closed by reason of weather.

Mr. Diefenbaker: The reason was given that it was being used for other purposes at that time.

Mr. Claxton: If the purposes were other than weather, they were purposes that were agreed upon by the Canadian and United States defence authorities.

With regard to these other places, we have with the United States a common interest in having weather reports that flow from the weather stations up north. At the end of the second world war a number of those stations continued in operation. Adjustments have been made from time to time, but there is no infringement of Canadian sovereignty. Nothing has been done at any stage that infringes Canadian sovereignty. If there is, it should have been brought to the attention of the Canadian authorities and it would have been corrected at once. It has been a co-operative activity in the interests of both countries because we are both interested in navigation by sea and by air. The reports we get from these weather stations are important to both countries.

We have co-operated in the work of these weather stations. As the Minister of Transport has indicated, plans have been worked out under which the operation of the weather stations is being taken over by his department. Everything that has been done has been in recognition of our sovereignty, which up to recent years was questioned only in view of the United States uncertainty about the sector theory. This is recognized by the weather agreement as a practical co-operative effort, designed for our mutual benefit. There is no reason why anyone should have any question about it, particularly since the minister has indicated that his department, as it qualifies personnel, is taking over the operation successively of all the stations.

Mr. Churchill: In view of the wording of paragraph (b) of clause 6, where the United States is not specifically mentioned, may I ask the minister whether any government other than the United States government is now operating a radio station in Canada or has

placed before the Canadian government an application or request for the operation of a radio station?

Mr. Chevrier: The answer to both questions is no.

Mr. Churchill: Since the Minister of National Defence is teaming up with the Minister of Transport, perhaps I could get an answer to this question with regard to the little Pentagon that is arising at Washington under Canadian auspices. Has any consideration been given to radio communication between Ottawa and that building in the future? If so, would that not form the basis of a reciprocal agreement?

Mr. Chevrier: So far as I know there has been no indication other than what has appeared in the press.

Mr. Claxton: I might suggest to you, Mr. Chairman, that this question of a Canadian pentagon in Washington is totally irrelevant to this discussion. If anyone can build a functional building in Washington suitable for the job that is being done cheaper than it is being done there then I would like to find why their tenders were not received on the call that was made by the Department of Defence Production. But we are talking about radio now, and we have continuous telephone and radio communication with Washington.

Mr. Fulton: Is the minister going to move an amendment such as he has drafted, before the clause carries?

Mr. Chevrier: Yes. Paragraph (b) of the clause would read:

"a person who is employed as a radio operator on a radio station in Canada by the government of another country or any agency thereof, in consequence of a joint defence arrangement with the government of Canada".

Mr. Garson: I move:

That clause 1 be amended by adding after the word "thereof" in the 25th line, the following words:

"in consequence of a joint defence arrangement with the government of Canada".

Amendment agreed to.

Mr. Green: I have one question to ask before the clause is carried. Is there any certificate required in the case of a plane which flies over Canada pursuant to international agreement? My understanding is that they do not require to have a certificate from the minister's department. I am asking the question because in his speech opening the debate on second reading today he gave that as one reason for requiring the amendment. He said this evening that a Canadian aircraft flying over the United States has the same right as an American plane flying over Canada. Is it or is it not a fact that the minister has to give the pilot of each of those American planes some kind of permit?

Mr. Chevrier: The answer is no. The certificate required by the country which subscribes to the ICAO agreement is a certificate given by the government of that country to the satisfaction of ICAO. That is accepted by Canada, just as our certificate of ICAO is accepted by other countries signatory to the ICAO agreement.

Mr. Green: This bill was not required, then, in order that Canada might carry out her international agreements?

Mr. Chevrier: Well, I am informed that up to a point it is, for those pilots who are residents of Canada. Some non-British pilots such as those of K.L.M. live in Montreal.

Mr. Green: They would be licensed in the ordinary way, just as a pilot flying for Trans-Canada Air Lines would be licensed?

Mr. Chevrier: They could be; but the object of the amendment is to cover that case.

Mr. Knowles: Would the minister say something more with regard to the question I put to him a short time ago. It is difficult to discuss this without having the order in council to look at. I did go across the floor to take a quick look at it in the minister's possession. From my looking at it, it seems quite clear that the permission to the United States government to establish a radio station in Canada is provided under that order in council passed under the Emergency Powers Act. As I see it, that part of the order in council is not being carried forward in this bill. The only part being carried forward in the bill is the permission to persons who are not British subjects to operate those stations.

My previous question was this: Where is the continuing authority for the establishing and operating of radio stations in Canada? When he was answering me earlier the minister said, very briefly, that I should look at section 5 of the present act. Well that is a section with about twenty lines in it, and I shall not take the time of the house to read it aloud. However, I have looked at it and I am not sure where in that section there is any authority for the granting of permission to the United States to operate stations in Canada.

If the authority was there, why was it included in the order in council under the Emergency Powers Act? Or is this just another case of the government using the Emergency Powers Act as a convenience?

I wish the minister would address himself to the matter. He has the order in council in front of him, and that is more than we have. He can see that it says in there that it included permission to the government of the United States to establish stations in Canada. When the statutory basis for that order in council disappears, what is the basis for the continuing permission?

Mr. Chevrier: It is covered in the amendment before the house now. I tried to answer my hon. friend's question, in part, when I said that it had been covered by section 5. Section 5 of the act now says that: no person shall establish a radio station or instal, operate or have in his possession a radio apparatus or on any aircraft registered in Canada, except under and in accordance with a licence granted by the minister in that behalf.

That, I think, covers the point my hon. friend raised.

Mr. Knowles: The minister says the authority to grant such licence is contained in section 5 of the Radio Act. Why, then, was it spelled out in the order in council under the War Measures Act?

Mr. Chevrier: To deal with persons qualified to operate.

Mr. Knowles: The minister is just jumping back and forth from one question to the other. I recognize that this bill carries forward the right to grant permission to persons to operate these stations, even though they are not British subjects. That part of what was in the order in council is being carried forward in this bill. But the other part in the order in council is permission to establish stations in Canada, and that certainly is not being carried forward in the present bill. The minister now says it is contained in section 5 of the Radio Act, initially. If so, then surely there was a mistake when it was included in the order in council under the Emergency Powers Act.

The Chairman: Shall the clause as amended carry?

Mr. Diefenbaker: Would the minister put the order in council on *Hansard*. As a matter of fact, I was not able to find it. The minister has said that it was not secret, yet it does not seem to be included in the registry.

Mr. Chevrier: I shall table it after we finish discussion on the bill, because this is the only copy I have. If there is no further discussion I shall table it now.

Mr. Diefenbaker: Include it in *Hansard*.

The Chairman: The minister cannot table a document while we are in committee.

Mr. Diefenbaker: It could be included in *Hansard*.

Mr. Green: It would be very helpful if the order in council were printed in *Hansard* with the debate. Part of it has been put on now.

Mr. Chevrier: Perhaps when we get back to the point where Mr. Speaker is in the chair I could ask for permission to revert to motions, and then table it.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Clause as amended agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Knowles: Next sitting of the house.

Mr. Speaker: Next sitting.

EMERGENCY POWERS ACT

TABLING OF ORDER IN COUNCIL P.C. 3484

Mr. Speaker: Has the minister permission to revert to motions to table a document?

Some hon. Members: Agreed.

Mr. Chevrier: I now table order in council P.C. 3484 of August 8, 1951.

NATIONAL HARBOURS BOARD ACT

AMENDMENTS RESPECTING POLICING, HARBOUR TOLLS, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 421, to amend the National Harbours Board Act.

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, I wish to state now that at the conclusion of this debate a motion will be made to refer the bill to the standing committee on railways, canals and telegraph lines, and therefore my opening remarks will tend to give as complete a picture as possible of the contemplated legislation whilst not burdening the house with lengthy details which can be obtained more efficiently when the measure is before the standing committee.

The National Harbours Board Act was passed by parliament in 1936. It has never been amended since that time, except in 1938, and that was to give the board power to sue and to be sued in its own name in tort. It is evident that over a period of some eighteen years many changes have occurred, and these amendments are being included for

the purpose of bringing the act up to date. The purpose of these amendments is to clarify the existing legal position; to eliminate provisions which have been rendered superfluous by other acts; to remove cumbersome phrases and to make a few substantive alterations. While these are few in number, I should like to list them for the house now.

One has to do with the extension of the provisions of the act, to include additional persons who may be charged for services under the act. At the present time charges are made against owners. This amendment would extend the liability to include carriers and bailees as contrasted with the actual owners thereof. In many instances the carriers or the bailees are the only persons with whom the board has any dealings at all. Also to empower the governor in council to name a temporary member to the board where a member has been delegated to other governmental duties. This situation occurred during the second world war, and it was dealt with under the authority of the War Measures Act.

A new section is provided to eliminate all necessity of swearing in harbour police as special constables of some municipal or provincial police force or the R.C.M.P. The status created would be analogous to that established by the Railway Act for railway constables. To raise the limit of non-tender contracts from the former $10,000, fixed by the way in 1936, to $15,000; to empower the board on the approval of the governor in council to purchase and sell supplies, salvage and so forth; in fact, anything except land or real estate property up to a certain limit designated by the governor in council as the board's bylaws may prescribe. And here I wish to add that all the board's bylaws have to be approved by the governor in council.

There are also express provisions that the governor in council may make bylaws governing the handling, storing and so forth, even on private property in the board's harbours, of explosives or dangerous goods within any harbour under the board's jurisdiction.

There is also a section to enable the board to contract itself out of liability for negligence. In a number of instances, such as the granting of permission to bring explosives into a harbour, or the acceptance of highly perishable goods in storage, the revenue does not justify the risk incurred by the board unless the board, like any private operator in the same circumstances, possesses a capacity of restricting the liability which could conceivably arise through the negligence of some minor board employee.

[Mr. Langlois (Gaspe).]

There is also a clause in the bill to enable bylaws and the charges thereunder to be made binding on other agencies or departments of the crown, whether in the right of Canada or in that of any of the ten provinces, the reason being that the board operates to a large extent as a quasi-commercial corporation and must submit separate reports to parliament on its financial operation.

There is also an express provision in the bill for the acceptance by the courts of a copy of any bylaw, certified by the secretary of the board, as full evidence of such bylaw. This is merely a matter of convenience and is a common provision in statutes of this type.

There is also a clause to broaden the so-called "commutation authority" to cover explicitly commutations, reductions and waivers in respect of board charges imposed by bylaw.

There is a provision in the bill to give a general lien which would be enforceable against any goods of a debtor of the board whether or not the debt was incurred on the specific goods.

The period during which board tolls shall continue to accrue on goods seized and detained would be restricted to a maximum of thirty days. In the absence of such an amendment the period of accrual of charges could be almost unrestricted, and it is considered that this point should be clarified and explicitly covered.

There is an alteration extending the purview of the board's bylaws to all property under board administration as contrasted with the harbours alone. This would, for instance, apply to the grain elevators at Prescott and Port Colborne.

Apart from the foregoing, the bill also contains a few additional but very minor amendments which, like some of those already mentioned, effect no substantive change but serve to make more explicit, or to place in a more logical position within the act, provisions already existing. Such minor alterations would constitute a clarification of those provisions of the act relating to the awarding of contracts and relating to the use of harbours, and so forth, by vessels and aircraft; seizure, detention and sale of vessels and goods; board's right to sue for charges notwithstanding the seizure of goods and the repeal of a few obsolete provisions of the act.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I feel something should be said on this bill by those who are concerned with the seaports of our eastern provinces because of the prominent part played in their life by

the national harbours board. Since the bill is to be referred to a committee for study I will make my remarks as brief as possible.

This is an act to amend the National Harbours Board Act and someone has said that it is routine with no great change in principle. While I would not go that far, Mr. Speaker, I think it might be suggested that it is an example of a government body grabbing more power, and it is an example of government by order in council.

There are one or two sections proposed in the bill which will fill the gap left by the Emergency Powers Act and the following considerations should be kept in mind when we consider the bill as a whole.

I believe most hon. members will agree that it is desirable we should have provision in our statute law for the efficient working of our waterfronts. In this regard we have two important matters that should be considered, and I refer to strikes and to explosions. It is necessary in this day and age that we have sufficient authority to deal with strikes, but we should be careful to consider the arbitrary power that might be given to police officers in dealing with such strikes.

The matter of explosions is also considered in this bill and I feel that in this respect we are still in need of greater restrictions as regards ammunition ships in our harbours. Surely the lessons of the Halifax explosion and others should convince us that we must be more careful in this respect. I think we are still behind the United States in the restrictions placed on ships in regard to explosives, and also in the authority given to the various boards that have to deal with such matters.

This bill has already been dealt with in the other place, and I feel it was given the most careful consideration by the other place both on second reading and when it went before the transport and communications committee. However there are still two or three points which bother me and I will just touch on them briefly now.

The matter of police officers and their policing duties is still a sore point. The bill deals with their appointment, jurisdiction, and authority, and while amendments were proposed in the other place which have cut down the further power sought by them I still feel an explanation will have to be given in committee as to some of their rights and powers. Their jurisdiction has been extended to cover a fifty-mile radius, and I would like an explanation, when the time comes, as to why such an extensive distance has been included.

Another matter which was referred to by the parliamentary assistant in his very careful explanation is the restriction on liability. I feel that perhaps the right of the harbours board to be able to contract themselves out of certain liability as regards explosives responsibility in the various ports could be considered, though I feel that if this right is to be passed off to someone else there should be some restrictions on the parties who are to assume that right. In other words, we would not wish to see the responsibility for explosions in our harbours passed on to some bodies who are not in a position to accept this liability and to make amends in the case of an explosion.

Generally, I think the details of the bill are commendable. It is a good measure and we are pleased to see that the financial administration of the board is being changed in some respects so that it may come under the Financial Administration Act.

I believe that down our way the administration of the national harbours board has been fairly good, and I was pleased to see that new appointments were made at Ottawa the other day.

In closing, Mr. Speaker, I would like to say that this is another example of piecemeal legislation. In this legislation hunks have been taken out here and hunks thrown in there and it is rather confusing when one considers it all. But I would like to emphasize that we must be careful to bear the individual's rights in mind when considering this granting of arbitrary power to police officers. That, to my mind, is most important. The phrase "the rights of the individual" is used very loosely nowadays, and one can always argue these matters. Nevertheless when you get local conditions in which police officers of the harbours board come in contact with longshoremen and with men working in the ports there arises a considerable amount of animosity, though the actual criminal negligence that might be a consideration amounts only to petty pilfering, liquor traffic and things such as that. Therefore, we must strike the happy medium between the two, and we must see to it that the officers of the harbours board are given enough authority to conduct their business, though at the same time it must not be sufficiently arbitrary as to interfere with the rights of our citizens. We will be looking closely at this bill in committee.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I am not going to take up the time of the house in any long discussion on this bill in second reading, though I might say, as one of the representatives for the city

of Vancouver, that to our city any change in an act of this nature is of the utmost importance.

I have read the bill through twice and I have found it very technical, so I am glad that the minister is going to refer the bill to the standing committee on railways, canals and telegraph lines. I find myself in the same position as the previous speaker in wishing to emphasize the importance of close and careful study being made of the bill when it is referred to that committee, and the fullest possible information being made available to members of the committee because I do not understand the technical aspects of this measure and I will certainly expect to hear some explanations when the committee meets.

As the hon. member who has just spoken pointed out, there is a change in the granting of authority for the appointment of police officers and I note that in their appointment these officers are to have the powers of peace officers within the meaning of the Criminal Code. That is quite understandable on property which is administered by the national harbours board, but I cannot understand why a special constable should have the authority of a peace officer, within the meaning of the Criminal Code, fifty miles away from the property owned or under the administration of the harbours board. It is because of these technical questions, which I feel should be explained, that I am very glad this bill is being referred to a committee of this house.

Mr. Speaker: If the parliamentary assistant speaks now he will close the debate.

Mr. Langlois (Gaspe): Mr. Speaker, I wish to express my appreciation of the reasonable tone adopted by the two hon. members who spoke on this subject here tonight. I wish to refer briefly to some of the remarks made by the hon. member for Saint John-Albert (Mr. Bell). I can assure him that it is not the purpose of the bill to grab more power, as he expressed it, but rather that it is brought forward, as I said in my opening statement, only to clarify the existing act and to add whatever modifications or amendments have proved themselves to be necessary over a period of some eighteen years of experience and operation by the national harbours board.

He made some reference to regulations with regard to explosives. There are in force comprehensive regulations made under the authority of the Canada Shipping Act. There are also some regulations made by the national harbours board and also some under the authority of the Railway Act. But with regard to the carrying of explosives in naval vessels, may I say that this matter comes under the jurisdiction of the Minister of National Defence (Mr. Claxton) exclusively.

Both the hon. member for Saint John-Albert and the hon. member for Vancouver East (Mr. Winch) have expressed some views with regard to the making of harbour constables into peace officers and have also expressed some opposition to their jurisdiction over a distance of fifty miles, as mentioned in the bill. I must repeat here that all we propose to do is to give the harbour constables a status which is comparable to that at present enjoyed by railway constables under the Railway Act.

Mr. Green: May I ask the parliamentary assistant a question on that point?

Mr. Langlois (Gaspe): Yes.

Mr. Green: Is it not a fact that under the Railway Act the jurisdiction is only half a mile?

Mr. Langlois (Gaspe): No. I wish to refer my hon. friend here to section 456 of the Railway Act and subsequent sections, especially section 457 which gives the territorial limits of constables' jurisdiction as follows:

> Every constable so appointed, who has taken such or made such declaration, may act as a constable for the preservation of the peace, and for the security of persons and property against unlawful acts
>
> (a) on such railway, and on any of the works belonging thereto;
>
> (b) on and about any trains, roads, wharfs, quays, landing places, warehouses, lands and premises belonging to such company, whether the same are in the county, city, town, parish, district or other local jurisdiction within which he was appointed or in any other place through which such railway passes or in which the same terminates, or through or to which any railway passes which is worked or leased by such company; and
>
> (c) in all places not more than a quarter of a mile distant from such railway.

Mr. Green: It is a quarter of a mile. I said half a mile.

Mr. Langlois (Gaspe): It might be more than a quarter of a mile from the place where the offence was committed—it is a quarter of a mile from the railway, but it extends over the distance which the railway runs.

Mr. Green: There is a big difference between that and fifty miles.

Mr. Langlois (Gaspe): To answer this point about the fifty-mile territorial jurisdiction of a constable of the national harbours board I must say, for example, that the harbour of Montreal extends over a distance of some thirty miles and, if my memory serves me correctly, it is in four different municipal

districts. The same thing applies to the harbour at Vancouver. The hon. member for Vancouver East will correct me if I am wrong, but I think the property of the national harbours board in the port of Vancouver extends over the districts of three different municipalities, namely that of Vancouver city, that of Burnaby and that of North Vancouver. That is why it has been found necessary to give this fifty-mile territorial limit to the jurisdiction of harbours board constables.

Mr. Green: May I ask the parliamentary assistant a question on that point?

Mr. Langlois (Gaspe): Yes.

Mr. Green: Is it not a fact that the bill gives these constables jurisdiction over all the harbours board property and, in addition, over fifty miles in every direction from the harbours board property?

Mr. Langlois (Gaspe): I must remind my hon. friend that the offence must have been committed in connection with some of the board's property and the fifty-mile limit—and this will be explained in much more detail when the bill is before the standing committee—is, as I understand it, from the property in connection with which the offence was committed. I must give another instance. For example, suppose you have a motorist violating the speed limit on the Jacques Cartier bridge in Montreal. It is rather difficult to determine exactly where the offence was committed. Was it committed just on that line separating the two municipalities of Montreal on this side and St. Lambert, I think it is, on the other side? In addition to that consideration, you must give the board's constable the right to pursue this violator of the speed limit, and he may have to travel quite a few miles chasing the motorist. In any event, as I stated, many more instances and reasons in support of this particular feature of the bill will be given when it is before the committee on railways, canals and telegraph lines. I just wish to say that, before this standing committee, every opportunity will be given to hon. members to get any information they wish from the representatives of the national harbours board and their counsel, who will be in attendance.

Mr. Speaker, on behalf of the Minister of Transport (Mr. Chevrier) I move that this bill be referred to the standing committee on railways, canals and telegraph lines.

Mr. Speaker: Is it the pleasure of the house to adopt the motion for second reading of this bill?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure respecting allowances for disabled persons and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of allowances for disabled persons paid by the provinces, to certain persons who have attained the age of eighteen years, and who are totally and permanently disabled and in need of such allowances, not exceeding in respect of any recipient fifty per centum of forty dollars monthly or of the amount of the allowance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Knowles: Is the minister going to make a brief statement about the matter at this stage?

Mr. Martin: Mr. Chairman, I had thought that if we could agree to have the discussion of the measure on second reading it might avoid duplication and save some time. Of course I am in the hands of the committee.

Mr. Knowles: I think it will meet with the approval of hon. members generally that we have the main discussion of this legislation on second reading and in committee of the whole. May I take a minute or two to suggest to the minister that in view of such information as is contained in the resolution now before us I hope he will come prepared at these other stages to deal rather seriously with certain points. I shall refrain from going into them in any detail at this time, but I do wish to suggest that as the resolution now reads it indicates certain inadequacies in the proposed legislation.

The house has been asking for legislation of this kind and waiting for it for a long time, and I do hope that when it is brought in the definition of "disabled"—with those qualifying words "totally and permanently"—will not be so restrictive as to limit the pension to too few of those of our citizens

who need and deserve it. I also want to say that when we reach the later stages we will have something to say about the proposed amount, the age at which it is to be paid, the fifty-fifty division between Ottawa and the provinces, the residence qualification, the means test and other matters. In other words, as the minister knows we welcome this legislation but there is certainly room for improvement in the terms in which it is forecast and we hope that those improvements may be made even before the bill is introduced.

Mr. Blair: Last year when a similar resolution presented by a private member was before the house I think every hon. member was in favour of it. It is a matter that has been before the house a great many times during the past few years. We welcome this resolution. We are glad that the legislation is being introduced, and we also feel that we would like to withhold our comments until the bill is up for second reading. This is not going to be an easy bill. I quite realize, and I pointed out to the house last year, the difficulties in trying to formulate some type of legislation to cover the proof of disability. At that time I cited the various regulations in vogue in the United States where a bill of this type was brought before the legislative body some years ago. Practically every state to which I referred gives a different meaning to total and permanent disability.

When the matter was before the house last year I remember describing it as a gap in our social security program. Therefore I appreciate the fact that the bill is now being brought in, and we will discuss it clause by clause when it comes up later.

Mr. Castleden: I should like to ask the minister a question. He mentioned previously in the house that certain provinces had not passed enabling legislation and others had. I wonder whether he intends to give us that information this evening. Perhaps the Secretary of State can also help us out in this regard. I see him helping the minister. I know that this legislation is being anticipated with a great deal of hope and expectation by people throughout Canada. I have in mind particularly a young couple in my own constituency with four children, three of whom are totally and permanently disabled. This kind of thing is a tragedy. It is a terrific handicap not only to the parents but to the child who is well. I hope that the legislation will cover them. I should also like to know whether or not the enabling legislation in the various provinces will in any way hinder the coming into operation of the act.

The Chairman: Shall the resolution carry?

[Mr. Knowles.]

Mr. Castleden: Would the minister make a statement with respect to the enabling legislation?

Mr. Martin: I had suggested to the house that perhaps this was not the moment for a general discussion of the measure. Having expressed that wish I would not want to violate what I urged on the committee. Therefore I will simply say that when the measure does reach second reading I will be prepared to discuss it in detail and to indicate that the bill in its main features was discussed with all the provincial governments. Generally speaking it represents not a compromise but an acceptance of their most common position, and I am sure when the measure is introduced it will appeal to all hon. members as a very important contribution toward providing assistance to a great segment of our population whom we all, within our capacity, want to help.

Mr. Castleden: We can all agree with that, but the point as to whether or not certain provinces have passed enabling legislation is not something that you are going to put in or leave out of the legislation. I wanted to get the information. After the very fine discussions the minister has had with the provinces, perhaps he might tell us how many of them have already passed enabling legislation. Could he not give the committee that information now?

Mr. Martin: Some five provinces have already passed enabling legislation. While I am on my feet, I should like to say at the outset to the house and to the country that, while I am sponsoring the bill, the real author of the legislation is the Prime Minister himself. Within a week of the holding of the last general election the Prime Minister wrote to me from his summer home. He said that he had been giving this matter his attention and he was now of the opinion, although the matter had not been discussed in the months immediately before the election, that this was a measure to which we should now address ourselves. I think that I should pay this tribute to the Prime Minister's humanitarian instincts by saying that this bill would not have been introduced at this time but for the initiative which he himself took.

Resolution reported, read the second time and concurred in.

Mr. Martin thereupon moved for leave to introduce Bill No. 462, to provide for allowances for disabled persons.

Motion agreed to and bill read the first time.

OPIUM AND NARCOTIC DRUG ACT

AMENDMENTS RESPECTING LICENCES, REGULATIONS, ETC.

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 422, to amend the Opium and Narcotic Drug Act.

He said: Mr. Speaker—

Mr. MacInnis: Before anything is said on this matter, I want to rise on a question of privilege. It is now past ten o'clock, our adjournment time. If we are to continue each evening for some further period then there should be a motion moved in the house to make the procedure regular. I know there are some members who would prefer, if the working day is going to be lengthened, that we should lengthen it in the morning rather than at night. There may be others who are of a different mind, but the house should decide and we should not be carrying on without a vote of the house.

Mr. Harris: On the point of order, Mr. Speaker, it is the government's intention, based I understand on the unanimous consent of other parties in the house, to present a motion that commencing next Monday morning we shall sit in the mornings. In the meantime, however, if the house feels that they can do extra work for an hour in the evening, I think perhaps that ought to be done if it suits hon. members. Rather than make a formal motion to cover the whole of the time, we thought that perhaps each evening a decision might be made, having in mind the amount of work done and the general progress made.

If that is not acceptable we could, of course, make a formal motion, but I suggest that we should not. Each evening at ten o'clock, if hon. members feel they can carry on for another hour they might do so, for the time being at least, and for tonight I suggest we might carry on until eleven and consider the situation tomorrow.

Mr. Knowles: May I ask the minister if he thinks it is fair to other members and to the staff not to know from day to day at what hour the adjournment is to take place? I am not objecting to the lengthening of the day. I have tried to be co-operative throughout with respect to this matter, and the minister will confirm that. However, I do believe there should be something definite for the benefit of all concerned.

Mr. Harris: I suppose the government ought to accept the responsibility. My hon. friend has just said he has no position on it, and therefore I would not want to impose upon him now the order for the rest of the week if that did not suit him.

Mr. Knowles: On a point of privilege, Mr. Speaker, I did not say I had no position. I said I was trying to be co-operative. I stated my position on Friday night, and it was the same as that of the hon. member for Vancouver-Kingsway. I thought there should be a proper motion—and there could be one even now if you want an extension.

Mr. Harris: Could we, for the 57 minutes remaining, continue by consent and consider this tomorrow?

Mr. Speaker: The Minister of National Health and Welfare moves that this bill entitled "An act to amend the Opium and Narcotic Drug Act" be now read a second time.

Mr. Castleden: It is ten o'clock.

Mr. Speaker: I understood there was general agreement that we continue for a few minutes. If my understanding was not correct, of course I will call it ten o'clock.

Mr. Castleden: I do not think there is any general agreement. There are several members who have mentioned ten o'clock. I do not think there is agreement to continue.

Mr. Martin: If it will help the hon. gentleman, I am willing to continue.

Mr. Castleden: What good is that?

Mr. Speaker: Will the minister adjourn this debate?

Mr. Martin: If you ask me, Mr. Speaker, I shall do so.

On motion of Mr. Martin the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, Mr. Speaker, we shall take the third readings that are ready, and then the bill with respect to the extension of the Canadian National Railways; the resolution with respect to the Public Service Superannuation Act; the resolution with respect to the Royal Canadian Mounted Police Act; second reading of the Research Council Act; second reading of the bill for which we have just passed the resolution with respect to the allowances for disabled persons; then go into ways and means and take the budget resolutions.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 25, 1954

The house met at 2.30 p.m.

FREIGHT RATES

APPOINTMENT OF COMMISSIONER UNDER INQUIRIES ACT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish to table order in council P.C. 1954-760 appointing as a commissioner under the Inquiries Act the Hon. W. F. A. Turgeon, Q.C., LL.D., a member of the Queen's privy council for Canada, to inquire into the application and effects of agreed charges made by the railways under part 4 of the Transport Act.

Hon. members will recall that in 1951 the Railway Act was amended to provide that where competitive transcontinental tariffs are established by the railways, freight rates on the same goods shipped to or from intermediate points shall not exceed by more than one-third the rates in such competitive transcontinental tariffs. This amendment was made in accordance with one of the recommendations of the royal commission on transportation, of which the Hon. Mr. Turgeon was chairman.

The government of the province of Alberta has recently made representations to this government that this so-called one and one-third rule in the Railway Act should be extended by parliament to apply to agreed charges made by the railways with the authorization of the board of transport commissioners under part I, section 4 of the Transport Act. The government has come to the conclusion that this proposal requires detailed study before its merits can be properly assessed. There are many interests involved —those of producers, purchasers, the railways and other transportation agencies and the public generally at intermediate points as well as in eastern Canada and on the Pacific coast. The subject is one which is closely related to the subject matter of the report of the royal commission on transportation but on which the commission did not make any recommendation. Consequently the government has arranged with the Hon. Mr. Turgeon to serve as a commissioner to inquire into this particular question of agreed charges, taking into account the representations that have been made on it and all other relevant considerations including developments since the royal commission reported in 1951.

BUTTER

INQUIRY AS TO SALE OF SURPLUS TO U.S.S.R.

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question either to the Prime Minister or to the Minister of Agriculture and to ask whether or not within the last few days there has been a sale of surplus butter to the U.S.S.R.; if so, at what price and how much; and are further sales expected?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, there have not been any sales of butter held by the agricultural prices support board outside of Canada up to the present.

PUBLIC SERVANTS' INVENTIONS

PROVISION FOR OWNERSHIP, MANAGEMENT AND PAYMENT

Hon. J. W. Pickersgill (Secretary of State) moved the third reading of Bill No. 444, respecting inventions by public servants.

Mr. Speaker: The Secretary of State (Mr. Pickersgill) moves—

Mr. Diefenbaker: Mr. Speaker, would you allow a further question?

Mr. Speaker: Order. I am afraid that the hon. member was not on his feet quickly enough. The deputy clerk has read the orders of the day and I am now about to put the question for third reading of the bill.

Mr. Pickersgill: Mr. Speaker, I want to take just one minute to refer to the report of the debate which took place on the bill yesterday which appears in the Montreal *Gazette* this morning under the heading "Military Inventions Unprotected". I have not the slightest doubt that this Canadian Press report was written in perfect good faith but in the first paragraph it says the precise opposite of what I said in the house, and I do not think that is an impression that any hon. member would want to have spread about. It said:

> State Secretary Pickersgill said today there is no law to prevent a privately-owned invention of a military nature from becoming public property and reaching a potential enemy.

Inventions by Public Servants

What I actually said in reply to the Leader of the Opposition (Mr. Drew) who made a most useful intervention on this point yesterday was that the law did provide, in so far as we thought the law could do so, for precisely this kind of thing in sections 20, 21 and 22 of the Patent Act and that under the provisions of the law it was the duty of the commissioner to see that such applications are scrutinized in the kind of way that the Leader of the Opposition had in mind before anything is made public about them. The government has been given authority to keep them secret if they have military significance. I felt it only right yesterday to go on and point out that there was one danger against which the law could not, as far as we could see, provide, namely that if someone invented something and, for example, did not try to patent it but rather made a speech about it or wrote an article about it or something of that sort, no law could prevent that kind of thing. In view of what was said yesterday by the Leader of the Opposition I feel that it would be desirable, when the commission of inquiry into the Patent Act is set up, to have this point drawn particularly to the attention of that inquiry and I shall be glad to do so.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, since the Secretary of State (Mr. Pickersgill) has raised this point, I should like to supplement the remarks he has made because I appreciate greatly the manner in which this subject is being approached. My concern related to a warning which had been given by Sir Robert Watson-Watt with regard to the possibility of very important secrets being disclosed in the filing of patents. I welcome the statement by the Secretary of State (Mr. Pickersgill) that when the patent commission is being set up he will draw to their attention the necessity of guarding in some way against the dangers pointed out by Sir Robert Watson-Watt as exemplified by the disclosure of the Whittle patent to German agents resulting in the actual development of the jet engine in Germany before it was developed in Britain. I welcome this assurance, but in view of the assurance may I also add the suggestion that Sir Robert Watson-Watt made, namely that in addition to being as careful as possible to prevent the filing of patents which would disclose very important secrets care should also be taken that anything of that kind should not become a barrier to development, and the lack of enthusiasm for a new idea on the part of officials should not be permitted to become in itself a hindrance to development.

[Mr. Pickersgill.]

I recognize that this presents a very great problem for the consideration of the commission. I would refer to the speech of Sir Robert Watson-Watt in which he suggested a combination of technical and official skill in order to determine the very difficult balance between protection against publicity on the one side and on the other side protection against interference with possible development.

Motion agreed to and bill read the third time and passed.

RADIO ACT

AMENDMENT TO AUTHORIZE EMPLOYMENT OF UNITED STATES PERSONNEL AND IMMIGRANTS AS RADIO OPERATORS

Hon. Lionel Chevrier (Minister of Transport) moved the third reading of Bill No. 446, to amend the Radio Act.

Motion agreed to and bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

ST. FELICIEN AND HILLSPORT LINES—PROVISION FOR FINANCING

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee to consider Bill No. 442, respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge lake, both in the province of Ontario.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

The Chairman: I might point out to hon. members that this bill has been considered by the standing committee on railways, canals and telegraph lines.

On clause 1—*Construction and completion.*

Mr. Hamilton: Mr. Chairman, there has been considerable discussion of the bill now before us. We have had an explanation from the minister and the bill has been discussed in the standing committee. I think it is possible to say that in the way this problem is being attacked it is being attacked by men with little confidence in the future of at least part of the area which the line in the province of Quebec is designed to serve. Those who have little thoughts are going to accomplish only little things. Those who have great thoughts and great confidence are going to accomplish great things. I think that those of us who have true faith—

The Chairman: Order.

Mr. Hamilton: —not only in the central area of Canada, not only in the parts which are already built up, not only in the parts which have already proved themselves, but who also have faith in the hinterlands of this country, in the areas about which we do not know a great deal yet except that we do know they hold great promise, are disturbed, worried and unhappy about the attitude displayed in the information given us on this bill.

I think we can call it a sort of lick and promise bill. One half of it is the lick inasmuch as we are informed that half the line will be built, and the other half is the promise because we have no indication as to when, how or under what circumstances the second section of the line will be built. It is a lick and a promise measure, one part of the line to be built in the immediate future and with respect to the other part a rather vague and indefinite promise extending far into the future. One of the things we must note about the bill is that it contains the indication that any time within the next ten years the second section of the line may be constructed, and if it is not convenient to do so within the next ten years then at any time in the future beyond the ten year period, beyond the year 1964 mentioned in the bill, the governor in council may continue its provisions in force in order that the line may then be constructed.

Can anything, Mr. Chairman, be much more indefinite than that? Can anything be much more foolish in the light of the circumstances than to suggest that we should build a railway line, half of which we will build now leaving the end almost suspended in mid-air, and the other half, the half which logically completes the line, the half which runs to the sea, the half which connects finally with a seaport which can become great, will not be built until some indefinite time in the future? The minister and the witnesses who appeared before the standing committee advanced reasons why this course is being followed. From the information given to us I think these reasons may be summarized by saying that the part of the line extending from Beattyville to Chibougamau is to be built through an area from which sufficient traffic can be guaranteed for the railroad line through signed contracts to ensure beyond any shadow of doubt that it will be an economically feasible proposition. The other half is to be built through territory where, according to the information given to us, such written guarantees are not possible. In the light of that the minister suggests: Let us build the line in so far, so to speak, as the money is on the line, but let us not take any chance, let us not have any faith, let us not go beyond that point and develop the rest of the line. Let us simply leave that hanging in the air as a promise. When we examine the minister's statement we find that he says that he will build it at some time in the future. He and the witnesses who appeared before the committee indicated that they know there is promise in that area, that some day they will be able to build the line, and that almost from the day their trains run over it they will have an indication that it will be a profitable part of their operations. We then ask: What indications are there that this change is going to take place? What is going to happen between Chibougamau and St. Felicien in the next few years that will make this economic change possible? We know of nothing, we cannot pinpoint anything, that is going to happen. We just believe that the natural growth of the country is going to merit the construction of this line within the next few years. So far as I am concerned, Mr. Chairman, thereon hangs one of the most disturbing facets of this entire proposition. There is no concrete indication that anything is going to happen in that particular territory within the next few years to merit the building of this line.

We are told by the minister that he definitely plans to build it within the next few years. To me, Mr. Chairman, that indicates clearly a lack of confidence that this line is going to be actually built. If these things are going to happen—I believe they will happen, I know they will happen because they have happened so often before in this country—within the next four or five years, they could be speeded up immeasurably, the area could be made more profitable and more interesting, more developmental projects could be undertaken immediately upon the construction of this line. But if we are going to stand back and wait for the normal growth of the territory, we are displaying a lack of confidence, and worse than that we are putting off until some indefinite date in the future the construction of a line that merits building now.

It seems to me, and I think to many others, that we have a choice here between helping the growth of this area through the building of the railways and waiting for the growth of the area to help the building of the railway, the two propositions being unalterably opposed to one another. The development of Canada, almost without exception, has followed not preceded the construction of our

great railroads. The west was opened up following upon the construction of the great railway line which this party supported. The other part, the area around Hudson bay, for example, and mining and lumbering particularly, developed as a result of the growth of that railroad that is now known as the Ontario Northland railroad, or the Temiskaming and Northern Ontario railroad, as I like to think of it.

We cannot expect people to go into an area, to open up mines, to construct mills, to cut lumber and to do all these things to aid industrial growth, if we, as a government and as a nation, do not have sufficient confidence in the area ourselves to supply them with the basic transportation that it is essential for them to have. Let us remember that if this line is built in its entirety it will have at one end Chicoutimi and Port Alfred. Port Alfred is a deep-water port at the head of the Saguenay river, a port which even now handles a great volume of shipping. Almost all of this shipping is concerned with the area immediately around Chicoutimi and Port Alfred. If the railroad line were built it would run back from there over an area that is rich in timberland, that has great agricultural possibilities, an area of which we do not yet know the mineral possibilities. It will go into Chibougamau, where some of Canada's greatest mines are located, and then over the line that it is already agreed to build immediately and cut back over another area of great mineralization. Ultimately, it will go through Beattyville and into Noranda, thus connecting up the great territory of Ontario and Quebec, which would become tributary to Port Alfred and Chicoutimi. Through the port would then flow, over far less rail miles than are now necessary, supplies for a great part of Canada which must now get them at greater expense through more southerly ports.

Let us remember, Mr. Chairman, that if this government does not have confidence in that area at least the provincial government has, and has backed that confidence by the construction of a road from Chicoutimi into that territory. Approximately $4 million went into the building of the road. At the end of it grew mines where there were no mines before; there grew industry where there was no industry; there grew merchandising and marketing as well as a city, where there was no city before. These things are the result of confidence, the result of a belief in the future and the result of doing something. I am not standing here, Mr. Chairman, to make a political argument out of this thing. I am standing here because I come from a province which, in the past few years, has grown into something that one would hardly have believed possible.

As I argue for the construction of this railroad line, I am thinking of the man, for example, who threw away his hammer near Cobalt and dislodged a piece of ore that resulted in the building of mines, cities and industries that one would not have believed existed. I am thinking of the fact, that always in the development of this country we have developed one area and said there is nothing beyond that. We did not believe very much lay beyond that. Then, our pioneers have gone forth, our people who would just not take that sort of reasoning, and risked their lives, if they were that kind of men; they have risked their capital if they were that kind of entrepreneur; and they have brought us the things that have made this nation great. They have brought us tremendous areas that are now devoted to agriculture. They have brought us the great watersheds, the great sources of pulpwood which now floats down to our paper mills.

All these things, Mr. Chairman, have been the result of not sitting on our posteriors and saying that there is no certainty that this proposition is going to pay from the date it is built. They have been the result, rather, of faith, and with that faith came the results which we wanted. The great fortunes, and there have been great fortunes, that have been built in this country have not been the result of wanting something certain. They have been the result of taking a chance, a measured chance based on the confidence that it would turn out the way it should and the way that would be best for the country as a whole.

And so, to sum up, lest someone say subsequently that this is visionary, that this is impossible, that this is asking the government to assume, through the construction of a portion of this railroad line from Chibougamau to St. Felicien, a burden which will continue into the indefinite future, let us recapitulate. We are suggesting that while the idea behind the bill we are now considering in committee is an excellent one, of which we wholly approve, the bill falls short in so far as it builds only one-half of the line which, only in its entirety, can do what it is supposed to do. The half of the line which it is not proposed to build immediately is the half which would connect a great area with a seaport, the half which would traverse an area which is rich in resources, the half which would connect an area of mines, which need smelters, with a community which is

now considering the erection of one smelter, and is planning the erection of another in the field of zinc.

The half of this line, Mr. Chairman, which is not being built is the half which confidence in our country and faith in its future dictates should be built. And, Mr. Chairman, to the extent that people do not build this line, and do not support its building now, immediately, they display to all the world a lack of confidence and a lack of faith for the future of one of the greatest areas in Canada.

Mr. McIvor: Mr. Chairman, I do not think I am as capable as the hon. member who has just taken his seat of adding any new material to the discussion. I think he has done very well; but I would point out that this bill has been considered by one of the best committees of the House of Commons, where we have had before us officials who have given us much information. The minister convinced us that he has been assured it would pay; and all we have to do is to read the reports.

I do not want to attempt to shut off debate, but I believe the road is needed and that the bill meets that need. The minister has convinced us that it will pay.

Mr. Nicholson: Before the clause carries I should like to say a word. Hon. members will have noticed that in it there is provision to give to the governor in council authority to build such portion of the lines as the governor in council may decide is necessary, prior to December 31, 1964, or such later date as the governor in council may fix.

I think all hon. members will agree that the building of railways is a matter of concern to the people of Canada, including members of parliament. Officials of the railways gave the committee an explanation as to why one part of the railway should be built immediately, but pointed out that the revenue in sight would not warrant the building of the other part mentioned in the bill. I think most hon. members will agree that a quite reasonable argument was presented on the point.

That being so I do not see why the government should ask parliament now to give it a blank cheque to build this other part of the railway any time within the next ten years, prior to December 31, 1964 or, if it is not built by that time, by such later date as the governor in council may fix. I suggest that is a very dangerous principle, and I am sure if the government did not have such a large majority in parliament this kind of legislation would not be presented to us. Therefore I move, in amendment:

That clause 1 be amended by deleting therefrom the words, "or such later date as the governor in council may fix".

As I said before, parliament has always been most anxious to give its support to the building of any railway line that would be feasible; and I should think that ten years would give the cabinet plenty of opportunity to build this extra line. If however by 1963 work on this branch line was started but would not be completed before December 31, 1964, I am sure parliament at that date would be most co-operative in extending the period. But I think it is undemocratic for this parliament to tie the hands of all parliaments in the future to a proposition which is not more definite than the one now before us.

Mr. Drew: Mr. Chairman, I must confess I have not yet heard any satisfactory explanation as to why the date should be set so far ahead. I am not speaking alone of the amendment suggesting the removal of these words from the clause. I do not know that the amendment will satisfy the situation because, if it were going to be much later than 1964, I am not sure that this parliament would be particularly interested in the matter.

This line could be completed in a comparatively short time; and I must confess I am wholly at a loss to understand the government's position in deferring the date until 1964 if, in fact, it has any intention to proceed. Now that the amendment is before us I should like to hear from the minister, not merely as to why there should be a later date mentioned, but why a date as late as 1964 should be used.

Mr. Chevrier: I am glad the Leader of the Opposition has suggested that I make an explanation. I would point out that the explanation has already been made in committee, because the argument now offered by the hon. member who has moved the amendment was made before the committee on railways, canals and telegraph lines. I do not know that he moved an amendment in committee, but certainly he made the point forcibly more than once.

To explain the position I believe I could put it thus: As the matter now stands, the Canadian National Railways have obtained guarantees from a number of corporations and companies, which would confirm the financial estimate of the railway in so far as that part of the line is concerned which extends from Beattyville on the west to Chibougamau in about the centre of the arc from Beattyville to St. Felicien. But, in so far as

the other half of the line is concerned, namely that part extending from St. Felicien to Chibougamau, the Canadian National Railways, through their officers, have given evidence to the effect that, from a financial standpoint, the position is such that they would not recommend the immediate construction of that portion at this time.

However, they are hopeful that with the construction of the line from Beattyville to Chibougamau industry will be encouraged, and that it will, in fact, see the establishment of a zinc refinery, or even of a copper refinery, in the lake St. John area, perhaps at Chicoutimi itself, in which case it would then be profitable, if the Canadian National Railways obtained the necessary guarantees, to continue the construction of the line on to St. Felicien. So that it may be possible to begin the construction of the east end of the line fairly soon. It may not be possible to begin it within the ten years and that is why the government have seen fit to accept that recommendation of the railways. After all, the Canadian National Railways is the body responsible for the construction of the lines that have been built from time to time with the approval of parliament.

It may not be possible to complete the line within ten years. If that should be so, then it was felt that this authority would enable Canadian National Railways to construct the line even after the ten years, and for that reason the clause is worded as it is.

Mr. Coldwell: May I just say one word. Since this parliament is responsible when the Canadian National Railways have deficits, we should be called upon to decide, after hearing representations of the railway, whether this extension is economic at the time it is proposed to make it. My hon. friend is on very sound ground in asking the committee to delete the authority of the governor general in council. From time to time we have argued against governor-in-council decisions. This is the kind of decision which under no circumstances should be approved of. If the time comes when the railway can show that this extension is economic, then the railway can come to the house and ask for the authority to make the extension at that time. We should delete this very objectionable feature of the bill at this time.

Mr. Green: Mr. Chairman, in the ordinary enabling legislation of this kind, under which the Canadian National Railways is authorized to construct a branch line, the first section sets out that the governor in council may provide for the railway to build the line from one point to another point within a certain set period of time, which is a reasonable time for completion. That was the practice followed in the case of the branch line from Terrace to Kitimat, British Columbia, and from Sherridon to Lynn Lake in Manitoba, and I believe also in the case of the line from Barraute to Kiask Falls in Quebec; but here we have two very significant variations.

In the first place, we find the words: "in whole or in part" qualifying the completion, so that the governor in council may authorize only the completion of a part of this railway. As I pointed out, in all the other bills the authorization must cover the completion of the whole line. I repeat, here we have these very significant words, "in whole or in part".

Then instead of having a time set within which the railway could reasonably be constructed, we have a time limit of ten years, to December 31, 1964. There again is a provision completely different from the standard provision written into legislation of this kind.

The amendment of the hon. member for Mackenzie is a sound one, because, while these qualifications "or such later date as the governor in council may fix" are used in the other enabling laws to which I have referred, it was done because there might be some slip in completing by the date set, and therefore the precaution was taken of allowing what I am sure was intended to be a slight extension. But here the effect of the extension is to add it on to the ten-year period.

Mr. Knowles: From here to eternity.

Mr. Green: Yes, from here to eternity. In the first place, that line need be built only in whole or in part, and then it need not be finished until 1964, and then the governor in council may put it off after that time just as long as he sees fit, which may mean that the line will not be constructed for fifteen or twenty years.

The position we have taken is that the government came into the house and asked authority to build the line from Beattyville to St. Felicien. Well, why not go ahead and build it instead of having this qualification of building half now and the other half in five years, ten years, fifteen years or twenty years.

The vice-president of the Canadian National Railways in charge of development indicated before the committee on railways, canals and telegraph lines that the eastern half of the line would be a development project; in other words, that there was not the traffic there to make the line pay immediately. He advocated it on the basis of its being a development project.

He went on to say the C.N.R. hoped that there would be established at Chicoutimi a great zinc smelter which would handle zinc concentrates from the whole of Quebec and Ontario. This bill covers also a short line in Ontario called the lake Manitouwadge line, and in the lake Manitouwadge area there is zinc ore. The vice-president said it was hoped that zinc ore from as far as the lake Manitouwadge area, which is up near Port Arthur in Ontario, would be taken by the C.N.R. right across to Chicoutimi, and in Chicoutimi there would be a smelter.

There are also of course great power resources in the Chicoutimi area. There is the foundation for a great development in Canada. But at the same time the government takes the position that this connecting line from Chibougamau to St. Felicien need not be built for at least ten years and perhaps longer. How they expect to get a zinc smelter at Chicoutimi with that gap in the line of 139 or 140 miles from Chibougamau to St. Felicien, I cannot quite see. They are expecting private industry to go into Chicoutimi and build a $25 million smelter without the railway being connected. I suggest, Mr. Chairman, that that does not make sense at all.

Either this is actually a development project or it is not, and if it is a development project which is in the interests of the nation —and the minister said on second reading that it was in the interests of the nation— then the government should go ahead and build the whole railway. Certainly the amendment moved by the hon. member for Mackenzie is a proper one and I would hope that it would be carried by the committee.

Mr. Chevrier: May I refer to the question raised by the leader of the C.C.F. party. I view his query in this fashion. As he knows, in respect of the previous branch lines which were built a statement is tabled in the house within a certain number of days after the house meets. That was the case with the Lynn Lake line and with the Barraute-Kiask line. These reports form part of the subject matter which is dealt with by the officers of the Canadian National Railways in the committee on railways and shipping, and each year it is therefore possible for the members of that committee or any other member to find out what the position of the line is.

The reason why the words, "1964 or such later date as the governor in council may fix", are in there is that we were following practically word for word previous legislation. If my hon. friend looks up section 1 of chapter 20, 1 Elizabeth II, an act respecting construction of lines of railways by the Canadian National Railway Company from Terrace to Kitimat, he will see the same wording, namely:

> The governor in council may provide for the construction and completion by Canadian National Railway Company prior to the first day of November, nineteen hundred and fifty-four, or such later date as the governor in council may fix.

Likewise, in 1951, 15 George VI, chapter 44, an act respecting the construction of a line by the Canadian National Railway Company from Sherridon to Lynn Lake, there is a similar provision, namely:

> The governor in council may provide for the construction and completion by Canadian National Railway Company . . . prior to the first day of November, nineteen hundred and fifty-three, or such later date as the governor in council may fix . . .

Therefore, the wording in both cases is exactly the same. It is not sought here to take the extraordinary powers such as have been suggested. On the contrary, the legislation has been based on the experience of two, if not three, similar lines, and the only reason, which I do not wish to repeat again, other than that which I have already advanced, is what I said in answer to the Leader of the Opposition a moment ago. It would strike me that for that reason we should not accept the amendment which has been moved by the hon. member for Mackenzie.

Mr. Coldwell: I would like to ask the minister a question. In these other cases the minister has mentioned, is it not a fact that the lines were looked upon as economic projects by the officers of the railway? In this particular case is there not a doubt that the extension eastward would be economic, at least at this time and perhaps for some years to come? The hon. member for Vancouver-Quadra mentioned the possibility of a smelter being constructed, but there is not definite assurance that such a smelter will be built. Consequently, it seems to me that in this particular respect we would be doing something quite different from the cases outlined by the minister when we had assurances that these lines would be economically sound as far as the railway officials could judge. But in this case the railway officials tell us that the eastern extension would not be economic under the present circumstances but might be some time in the future.

My suggestion is that at that time they should come back to the house, go before the committee, and hon. members on that committee can question the officials, though there is no guarantee after that questioning that the matter would be decided upon favourably by the house. That is what I have in mind.

Mr. Chevrier: The answer to the first part of the hon. member's question is yes. The eastern half of the line may not at this time be economic, but that is the very reason why it is sought to have the words in clause 1 of the bill as it exists now because, while we believe it will not be long before the other section of the line is built, it may take more than the ten years. Why should it be necessary to come before parliament when there is already before parliament, by virtue of the report tabled under the last section of the act, an opportunity of having the position explained and examined in the railways and shipping committee and by members of the house.

Mr. Nicholson: Mr. Chairman, I think the minister will admit that in connection with the Kitimat and Lynn Lake lines we had definite propositions put before parliament and there was no doubt about the lines being built. But in the present situation the railway officials have negotiated on the assumption that parliament will grant approval of the building of the Beattyville extension. I think it is unfortunate that the legislation is before parliament in this particular form. Parliament, I believe, is quite prepared to give support to the spending of $17 million for the construction of the Beattyville branch, but if we pass this bill the railway will be able at any time in the future to proceed with the spending of $17 million for the construction of the remaining 139-mile branch, and I believe that is unfair to parliament.

I believe the minister and the cabinet should be prepared to come to parliament every time there is the expenditure of a major amount such as $17 million, particularly on a branch line. We know from bitter experience that branch lines have been forced on the Canadian National Railway system in the past and have been found uneconomic. Unfortunately, political pressure at election time has been responsible for the building in Canada of branch lines which have been a headache for succeeding governments, and I think no government should ask parliament to vote $17 million for the construction of a branch line by order in council at some time in the future. I hope the minister, after this discussion, will agree to the proposal to limit the expenditure of the $17 million to the end of December, 1964.

Mr. Hahn: Mr. Chairman, there is one question I think should be cleared up at this time, more particularly in the light of the amendment which has been moved just now. The minister has suggested that the line from Chicoutimi to Chibougamau might not be feasible and therefore might not be built. I am wondering whether that would mean that there should be a new extension of that branch line from Chibougamau to Chicoutimi. If so, would it not be better, in view of the fact it is necessary to have the whole line completed at another time, to give consideration to a line from Beattyville to Chibougamau and then down to Chicoutimi immediately?

The Chairman: Is the house ready for the question?

Mr. Hahn: Could the minister let me know whether he expects the line to become financially profitable from Chibougamau to Chicoutimi before they extend the branch line after 1964?

Mr. Chevrier: Mr. Chairman, I think I dealt with that in committee. In the first place the line is not to be built from Chicoutimi, but from St. Felicien to Chibougamau and it was explained by the officers and myself that until such time as the Canadian National Railways are able to obtain sufficient guarantees of traffic they would not begin the construction of the section of the line from that area. The information that the vice-president of industrial research of the Canadian National Railways gave to the committee was that he was hopeful and it was expected that these guarantees would be forthcoming, and when they were the line would be built.

(Translation):

Mr. Gauthier (Lake St. John): Mr. Chairman, I would like to say a few words about the amendment moved by the hon. member for Mackenzie (Mr. Nicholson). I do not intend to support the amendment because I do not see what purpose it would serve. It is evident that if the eastern section of the railway from St. Felicien to Chibougamau is not built within ten years, it would greatly help the government to be able to extend the time provided for its construction. Hon. members will remember that last week during the debate on the motion for second reading of the bill I obtained from the Minister of Transport (Mr. Chevrier) the assurance that as soon as we can give for the eastern section the same guarantee as for the western section, the Canadian National will be able to undertake the building of that part of the railroad.

Last Friday, when the committee was examining the bill, I also obtained the same assurance from the vice-president of the company. I therefore do not see the necessity for that amendment, Mr. Chairman, especially since I am confident that within six months or a year at the most we shall be in a

position to give the Canadian National the guarantees they require before a start can be made on the eastern section.

This morning I was in touch with the secretary of the Saguenay council for economic development, who expressed the same confidence. The people of the Saguenay district are determined to work constructively and intelligently for the fulfilment of the project. Therefore, Mr. Chairman, I am confident that as a result of the guarantees we will give or of the subsidies that may be granted by the government, we shall be in a position to undertake the building of the eastern section of the railroad within a year at the most.

(Text):

Mr. Balcer: Mr. Chairman, I think this piece of legislation is very peculiarly drafted because what we have before us is, in effect, two different bills. There is one bill which the government has a real intention of going through with. This bill is to build a railway line from Beattyville to Chibougamau. The government should have another bill for the building of a railway from Chibougamau to St. Felicien and should explain to us the various reasons and so forth. The minister might say that I am making a political speech, but it is quite evident that in drafting the present bill in its present form the government was just trying to appease public opinion in the lake St. John region and that that was about all. The government did not have the immediate intention of building the eastern part of this railway. The government had the immediate intention of building a railroad from Beattyville to Chibougamau and it had a general intention, which I am sure is quite sensible, of building another railway when and if the circumstances warrant the building of such a railway. The minister says it will be built if there is enough guaranteed traffic or enough guaranteed business to justify the building of the other part of the railway. I sincerely hope the government and the minister are ready to do that for any part of Canada. I mean, that is just nonsense. I mean, if there is enough traffic for it to be a profitable venture for the Canadian National Railways to build a railway anywhere in Canada, the government and the railroad should do it right away. There is no doubt about that. From the way this bill is drafted I think it is just to appease public opinion in this part of Quebec in the lake St. John area. What the government had in mind was to build a railroad from Beattyville to Chibougamau. At the present time the government has no intention of building the eastern part. The government should not be afraid to say so and should not present such phony legislation. That is the reason why I am speaking.

Mr. Chevrier: Mr. Chairman, I am afraid I could not allow my hon. friend to go unchallenged in connection with the statements he has just made. He made them originally in the course of the general debate when he said that it was not the intention of the government to go on with the complete construction of this railway. May I say that it is, having regard to the circumstances as outlined by the officers of the Canadian National Railways who gave evidence before the committee on railways, canals and telegraph lines. The intention of the Canadian National Railways is quite clear and the intention of the government is equally clear. This is not a matter of two bills, one to build a portion of the line and then to come back later on and build the other portion. It is one bill. This line is considered by the Canadian National Railways and by the government not as two separate projects but as a whole line, the western half of it being built immediately because of the guarantees that have been forthcoming, and the eastern half to be built just as soon as the guarantees are forthcoming. I hope—and in fact it looks as though the assurances will be forthcoming—that the traffic guarantees will permit of the construction of the line as soon as possible after the first half is completed. When my hon. friend says that this is phony legislation, that it is queer legislation and that the government has no intention of going on with the construction of the line, I must say to him that such is not the case at all. I am sure that the House of Commons would not want responsible officers of the Canadian National Railways to come forward with the explanation which they gave in the committee and not be sincere. I am sure that the House of Commons would not believe that they would act in that fashion.

Then there is another statement my hon. friend has made with which I take issue. He said that by constructing first the western half of this line, namely that part which extends from Beattyville to Chibougamau, the effect would be the draining of Quebec traffic out of the province of Quebec into Toronto.

Mr. Balcer: I did not say that.

Mr. Chevrier: If my hon. friend had been in the committee, he would know that the position is exactly the converse. In dealing with that problem the officers of the Canadian National Railways explained that the whole intention of the railway in building the first section of the line, namely from Barraute to Kiask Falls, was to develop the timberlands of the Abitibi area so that the

pulpwood could be fed down into the mills of the St. Lawrence valley. Certainly it was built with the express object of developing the timber industry and the pulp and paper mills of the province of Quebec.

Mr. Dufresne: The same thing could be done here.

Mr. Balcer: If my hon. friend will permit me to do so, I should like to say that I do not complain about that part of the bill; I agree with it. I mean that I accept his explanation that it would be good business for the C.N.R. to build that part of the railroad. There is no doubt about that. But what I disagree with is when they come here and say that they are going to build the other part some time, from here to eternity. That is what I do not agree with.

Mr. Chevrier: If I may, I should like to carry on with my argument, because I think it has some bearing certainly on what other hon. members have said. It has a great bearing on my position in the House of Commons. When the officers of the Canadian National Railways dealt with the Ontario line, with the lake Manitouwadge line, and when they explained to the committee that a great deal of the traffic, if not all of it, comprising the concentrates of the mines in the province of Ontario would be fed by this line of the Canadian National Railways into the smelters at Noranda, I did not hear any member from the province of Ontario rise and take any objection to Ontario traffic moving down in to the province of Quebec; nor, for that matter, did I hear any member from the city of Toronto do so. On the contrary, I have had members from the city of Toronto say to me that they are delighted that such is the case. After all, we do not build railway lines in any particular region for limited reasons. Railway lines are built for the development of the country as a whole. That is all the officers of the Canadian National Railways had in mind when they proceeded to recommend to the government the construction of this line of railway which should be considered as a whole line and not as two lines.

Mr. Drew: Mr. Chairman, there is one statement made by the minister which conveys an impression that is hardly in accordance with what the record shows. He says that this bill is in its wording similar to other bills dealing with construction of this kind. However, there is a great difference. In the case of the bill approving of the construction from Terrace to Kitimat there was a definite time limit of construction to be finished in the present year. I believe the total time was just over two years. In other similar cases, instead of ten years the time provided is normally two years. In construction of this kind there would seem to be no reason why that is not the figure that might very well be used here. Neither from the record of the committee nor in what I have heard here has there been suggested any reason why a ten-year figure should be included in this case. The statement is made that the construction of the Beattyville-Chibougamau line is going to proceed right away. If that is so, why have a ten-year period for that? And most certainly why have the further provision that it should be left until such later date? It is obvious that it is not intended that this provision should apply to the Beattyville-Chibougamau part of the road. From what the minister has said I think it is clear that this provision applies to the construction from St. Felicien to Chibougamau.

That being so, the question then arises as to why we should extend an already very long postponement to 1964 by a still further possibility of postponement. The government either intends that this line be constructed or it does not. The minister has said he hopes that there will be assurances from those who would use this line and that with those assurances construction would proceed. I need not remind him that the line in Ontario which will have a business connection with the Beattyville-Chibougamau road, the Ontario Northland Railway, was built as a development road. It was built with confidence in the future and with the expectation that the resulting development would justify the expenditure. It seems to me that the St. Felicien-Chibougamau part of the construction forms an essential link in this whole development. As the minister has said, concentrates from Ontario will move into the mill at Noranda. Certainly no one is raising any question about that. That is a very good balance of interest in this matter. It would also seem there are obvious advantages in completing the link and in having a road that will run right through St. Felicien to Noranda and on into northern Ontario so that these areas are connected by that road.

I would not wish to have it suggested that in supporting this amendment I do so with any idea that further representations should be made. I think this is an essential part of the whole construction. The date of 1964 set out in the bill is already too far away, but at least if a date ten years away is going to be placed in the act there can be no such reason as would ordinarily apply to extend that date still further. The reason I support the amendment is simply that I believe this

work should proceed now as part of the construction and as part of the network of rail lines which will open up that whole area.

Mr. Chevrier: The Leader of the Opposition asked why there is a distinction between this bill and the other bills. Of course one must remember that the other lines were much shorter than this one. This line is 294 miles in length and if you add the Ontario mileage plus the mileage from Cache lake to Chibougamau you have construction of something over 300 miles in length. When you compare that with the 46 or 47-mile line from Terrace to Kitimat and the somewhat longer line from Kiask Falls to Barraute that explains to some extent the difference.

I would not want the committee to think for one moment that Canadian National Railways or, for that matter, the government, feel that the railway should take powers which parliament thinks they should not take. It was the feeling of the Canadian National Railways that because of all the circumstances they should have a ten-year period, and the bill was drafted with the provisions that were mentioned earlier and such as are to be found in the other bills.

But if the committee feels that this is taking powers that should not be taken and if it will please the committee I have no objection to accepting the amendment as it has been moved and leaving it to the Canadian National Railways to build the three lines, or two lines rather—I will put it that way—from now until 1964 in the hope that they will find sufficient guarantees during that period to be able to continue the extension from St. Felicien to Chibougamau. If that will meet the pleasure of the committee then perhaps I can accept the amendment.

Mr. Drew: In welcoming acceptance of the amendment that has been moved, I do want to mention one thing. The minister has very carefully chosen his words when he said that what he has just said to us now explains to a certain extent the difference. The inclusion of the words "to a certain extent" was very carefully done and I commend him for that caution because it only explains it to a certain extent. The fact is that there has been no suggestion at any time it is going to take ten years to construct that 294 miles of line. In fact I think we are given reasonable assurance that one of the most difficult pieces of railroad construction that has been undertaken in a great many years, that of the line running north from Sept Iles for well over 300 miles, is going to be completed in four years. Therefore the minister is quite correct that what he has said only explains it to a certain extent.

Nevertheless, since the date, 1964, has been put in the bill and since it must be assumed that it is going to remain there, I welcome acceptance of the amendment in the hope that this indicates that there will be a re-examination of the other situation and that perhaps on further re-examination the decision may be made to proceed with the construction of the St. Felicien-Chibougamau extension at the same time.

Mr. Campbell: I want to say a word of appreciation to the minister for having taken the attitude he has. I listened very carefully to the vice-president of the railway and other witnesses who appeared before the committee, and the information I gathered from the whole discussion was the C.N.R. witnesses went so far as to say that the construction of the eastern part of the line was a dream but that it would give the railroad more bargaining power if they had the right to build the line. I think that perhaps some hon. members are worrying too much about the line not being built right away. What I got out of the whole discussion in the standing committee was that the railway is anxious to build the line and that just as soon as it is economically possible it will be built.

The Chairman: Shall the amendment carry?

Some hon. Members: No.

The Chairman: Is the committee ready for the question? Shall the amendment carry?

Amendment (Mr. Nicholson) agreed to.

The Chairman: Shall the clause as amended carry?

(Translation):

Mr. Gagnon: Mr. Chairman, I consider it a duty to participate again in this discussion and to renew my plea for the simultaneous construction of both sections of trunk line No. 1.

The economic development brought about by this railway in our district would benefit not only the people of the kingdom of the Saguenay and of the province of Quebec, but the people of Canada as a whole. This government in 1953 renewed its contribution to the Colombo plan to the amount of $25,400,000, for financial and technical assistance, thus bringing to $76·6 million the total amount devoted by this country to the development of the countries of south and

southeast Asia. Would it not be possible also to grant subsidies to the Canadian National Railways to enable them to realize the whole of this project?

On May 11 of this year, the Minister of Transport (Mr. Chevrier) said:

> Some subsidy on such a line may well be justified as it was in the case of the northward extension of the Pacific Great Eastern in 1949.

Could it be that the representations made to this government by the citizens of the Chicoutimi-Lake St. John district, as well as the newspaper editorials on this matter have not convinced the minister of the necessity for such a decision?

The vice-president of the Canadian National Railways, Mr. Fairweather, told us in committee that he was strongly in favour of subsidies for the construction of new lines.

Pending the time when the Chibougamau-St. Felicien section will have brought dividends, I feel that parliament should vote a few million dollars for that purpose.

(Text):

Therefore, Mr. Chairman, I move, seconded by the hon. member for Lapointe (Mr. Girard):

> That this clause be amended by changing the period at the end thereof to a comma, and by adding thereafter the following words:
> "provided, however, that the construction of sections A and B of branch line No. 1 shall be undertaken at the same time."

(Translation):

Mr. Villeneuve: Mr. Chairman, on my return from a journey last week to the riding I have the honour to represent in this house, I was told of the discussions that took place here on second reading of the bill authorizing the construction of a railway line to the mining district of Chibougamau, and I would not like to let this opportunity slip by without voicing my humble contribution, as this question is of great importance to my constituents.

I read the remarks made by the hon. Minister of Transport (Mr. Chevrier) during that debate, and I am very much surprised at the unfair accusations of partiality which were levelled against him later. Since my election as member for Roberval, I have asked the help of the hon. Minister of Transport in many circumstances, in the interests of my county. I even had occasion to introduce two delegations to him, and he welcomed them with true understanding; I am certain that my constituents are in a position to appreciate his frankness, his courtesy and his kindness to them, and I say that, just as I have every confidence in the minister, their trust in him remains unchanged, for they know the facts, and are able to view the situation objectively.

The future of the county of Roberval, for instance, is dependent upon the decisions which the Department of Transport will take with regard to this Chibougamau railway. My colleague from Lake St. John (Mr. Gauthier) and myself have put this view on record in this house, and mentioned it a sufficient number of times to the appropriate department for this principle to have been embodied in a bill, such as is now the case. That is one of the reasons why the electors of the constituency of Roberval preferred putting their trust in a government supporter, knowing full well that his actions on their behalf would be more effective. Events have proven them right, and will certainly continue to do so. That is, after all, the important thing. I am not here to attack the government which my electors have given me a clear mandate to support. I am here to protect my constituents' interests and even those of the people of Chicoutimi, although, in order to do so, I will have to repudiate certain statements made by the member for that constituency (Mr. Gagnon). The member for Chicoutimi is an independent, and doubtless acts independently of the progress of his constituency if we are to go by certain of his diplomatic absences on the attendance of certain important delegations which have come here to make representations in connection with the Chibougamau-Lake St. John railway, more particularly that of March 1953, or again if we go by the fact that he had remained absolutely silent on this matter until such time as, desiring to show himself under his true colours, he rushed headlong into indiscriminate criticism. He has attempted to make a bugbear of the neighbouring province in order to make us forget his past inertia and biased arguments, now that he has made up his mind to wake up and concern himself with this all-important matter. Such attempts to take credit for something done by others is what we can really expect of these so-called independents.

My colleague from Lake St. John and myself have never stopped concerning ourselves with this vital matter of a railway connecting the mining district of Chibougamau to that of lake St. John. We have obtained from the government as well as from the Canadian National Railways sufficient guarantees to cause us to remain optimistic with regard to the ultimate implementation of this

project which is very close to our hearts and to those of our constituents, for a number of reasons.

Even though the amendment proposed to Bill 442, in the railway committee, by my colleague from Lake St. John and myself was defeated, we remain confident that the Chibougamau-St. Felicien stretch of railway will be built within a reasonable length of time and we would ask the Minister of Transport to continue his sympathetic support, even though some eleventh hour converts should continue their pessimistic pronouncements, thus showing how certain all-important considerations escape them in this connection.

Mr. Girard: Mr. Chairman—

Mr. Gauthier (Portneuf): Another disappointed man!

An hon. Member: Another disappointing man!

Mr. Girard: In spite of the wonderful statements made by my hon. colleague from Roberval (Mr. Villeneuve), in spite of the other things which have been said, drawing the province of Quebec into the argument, I shall go on, as I did from the start, with the few words I have to say on the subject, without paying attention to the direct and indirect attacks coming from my good friend.

It would have been better for him to have been here when we debated the matter, because instead of criticizing his fellow members from our district, he would have realized that all we were asking was exactly the same thing he himself had requested.

Mr. Chairman, I now leave that matter to say a few words in support of the amendment moved by my colleague from Chicoutimi (Mr. Gagnon). I must say that I find in the statements of the Minister of Transport himself (Mr. Chevrier) very good reasons for building both sections now.

Did not the minister just say that the government has only one aim in undertaking to build railroads, that is to further the development of our natural resources? Therefore, relying on that one statement alone, I cannot understand why the government does not undertake to build both sections now, because judging from the opinions expressed by hon. members on both sides of the house, nobody doubts that the industrial development in the Saguenay district will be sufficient to justify the building of that section, and I think that nobody would deny, after what the minister just said, that, as far as we are concerned, the "development" of the natural resources of our district is at stake. Otherwise, if they keep on thinking only of financial guarantees, it means that this government is interested only in finding new markets, new outlets, for the Canadian National Railways, and not primarily in the industrial "development" of a district. And as the minister surely does not intend to confine himself solely to a consideration of the dollars and cents that the Chibougamau-St. Felicien line will yield during its first year of operation, he must first of all consider what measure of development would be brought about in the Saguenay district. I feel there is no doubt as to that. This is the reason for my urging the government to support this amendment, so that both sections of the railway may be built now.

Mr. Chairman, during the discussion, reference was made to the provincial government, and that is when we were accused of playing politics. Mr. Chairman, the only intervention on the part of the provincial government in the region has been the building of a five million dollar road. It did not bother to ask whether the road would pay back immediately the amount required for its construction; if it had, the road would have never been built. The federal government must take the same attitude: it should not consider only the financial angle and the number of tons guaranteed by contract but should consider whether that railroad will further the development of the Saguenay region.

For that reason, nobody in the house can refuse to support my colleague's amendment, in which the minister is asked to build the two sections immediately.

Mr. Dufresne: When the minister introduced the resolution preceding this bill, for once—and although it is not my habit to do so—I congratulated the minister and the government on their decision to build the Chibougamau railroad. However, at that time, we did not have the explanations given later to the effect that the section that the people of Quebec deem the most important, that is the Chibougamau-St. Felicien section will not be built immediately, but that work on it will be postponed indefinitely.

It is not my intention today to congratulate the government—

Mr. Gauthier (Portneuf): You were very sorry you did so the other day.

Mr. Dufresne: —because I now find that the government has changed its mind. I cannot understand why it is that when the resolution was introduced we were told that a railroad would be built to Chibougamau, while the bill mentions construction of only part of this railway, action on the other part is being put off indefinitely.

Mr. Chevrier: Mr. Chairman, on a point of order may I remind the hon. member that if he had listened to the speech I delivered before he extended congratulations to the government on its attitude and decision to build this railway, he would have noted that I said then that we would start building the Beattyville-Chibougamau section before the St. Felicien section. The hon. member would, at that time, have extended his congratulations and his thanks to this government on its decision to build the western section before the eastern section.

Mr. Dufresne: The minister took good care not to tell us that the second part of the project would be undertaken only in ten years, or even more, from now. And, according to the second part of this bill, or at least according to section 1, it is possible that that part of the project may never be undertaken, and that is the whole problem, as the hon. member for Lapointe (Mr. Girard) has pointed out.

One must not always live in the hope of making money; the main thing is to be an optimist. And if the government of the province of Quebec had not anticipated that large mineral deposits could be mined in that area between St. Felicien and Chibougamau, it certainly would not have spent millions and millions on the development of that area.

I want to protest also against this bill because the government's stand on the matter will encourage the shipping of Quebec's natural resources to another part of Canada, and that will be detrimental to the population of that province. I find rather strange the stand taken by the hon. member for Roberval (Mr. Villeneuve) who, a moment ago, was rather optimistic and expressed such confidence in the government that he was even ready to give it a blank cheque. Well, Mr. Chairman, I am not ready to give such a blank cheque to the government, especially when it introduces a motion which says one thing and a bill which says practically the opposite. I say that the part of this line which, under the circumstances, looks to me to be the more important one is the section which runs from St. Felicien to Chibougamau, and, consequently, I shall vote for the amendment presented by the hon. member for Chicoutimi (Mr. Gagnon).

Mr. Gauthier (Lake St. John): Before the question is put on this amendment, I would just like to point out, as I did in committee, that I propose to support the amendment. I have twice, in this house, asked that both sections be built simultaneously, and the proposed change being along these lines, I shall support it. I must say that, like my hon. friend from Roberval (Mr. Villeneuve), we on this side of the house put our trust in the government, and that the people of Quebec province share this confidence.

Mr. Dufresne: We shall know at the next election.

Mr. Gauthier (Lake St. John): As I said, that is why we need not worry about the next election, and we trust that the Saguenay district will also put its confidence in the government, because, by then, we will have our railway. If it is not then completed, it should at least be well on its way.

Mr. Villeneuve: Mr. Chairman, I would like to mention that I feel the same way as my hon. friend from Lake St. John with regard to the government, and that I shall also vote for the amendment. I want to tell the hon. member for Quebec West (Mr. Dufresne) that neither he, nor our friends opposite are going to build this railway; it is going to be built by the government through the Canadian National.

I am convinced that will be done soon and that is why I have shown much optimism and have thanked once more the minister for the consideration he has shown and still shows for the population of my riding of Roberval.

(Text):

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Gagnon) negatived: Yeas, 23; nays, 62.

The Chairman: I declare the amendment lost.

Clause as amended agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Issue of securities.*

Mr. Green: The committee passed an amendment to clause 4. I wonder if we could have that.

Mr. Chevrier: I was under the impression that the chairman had referred to it earlier. My hon. friend is quite right. Both clause 4 and clause 5 are amended by striking out the words "forty-four million five hundred and sixty-two thousand five hundred dollars", and substituting the words "thirty-eight million seven hundred and fifty thousand dollars" so as to make the bill conform with the resolution passed earlier in the house, and which authorized the expenditure of an amount estimated at $38,750,000.

Clause as amended agreed to.

Clause 5 as amended agreed to.

Clauses 6 to 8 inclusive agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Green: Next sitting.

Mr. Speaker: Next sitting.

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO PROVIDE PAYMENT OF DEATH BENEFITS UP TO MAXIMUM OF $5,000

Hon. W. E. Harris (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Public Service Superannuation Act to provide for the payment out of the consolidated revenue fund of death benefits up to a maximum of five thousand dollars for the spouse, or the estate

(a) of a public servant,

(b) of a member of the regular forces,

or in certain circumstances,

(c) of a former public servant, or

(d) of a former member of the regular forces,

where the public servant, member of the regular forces, former public servant or former member of the regular forces has paid contributions into the consolidated revenue fund.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Knowles: Is the parliamentary assistant going to give an explanation of this resolution?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): The bill to be founded on this resolution will provide a scheme of contributory death benefits which will supplement the other benefits already provided in the Public Service Superannuation Act. In the case of members of the regular armed forces, it will provide similar death benefits to supplement the other benefits provided under the Defence Services Pension Act. The benefit will be payable in the form of a lump sum to the spouse of the contributor or, if there is no surviving spouse, to the estate of the deceased. It is designed to provide funds immediately to cover the inevitable expenses arising out of or consequential upon the last illness and death of the contributor.

As the resolution indicates, it will be possible for a participant in this plan to elect to participate after retirement, provided that he regularly makes the required contributions.

I do not think that I need say more about the details of the proposed bill at this stage. Because of its nature the Minister of Finance thinks that the most effective way to deal with the details of the bill will be to refer it to the banking and commerce committee for study and report after second reading, and he proposes to make that motion at the proper time.

Mr. Knowles: Mr. Chairman, I am sure we appreciate the proposal that after second reading this bill will be referred to the committee on banking and commerce. I believe the committee will generally approve of that way of dealing with this legislation. The fact that it will go straight from second reading to the committee on banking and commerce means that this is the only opportunity, before it goes before that committee, for questions to be asked and answered here on the floor of the house.

I realize that we sometimes have a little difficulty getting all the information we should like at this stage as to the details of a bill to be introduced after the resolution has been passed, but it does seem to me that the nature of this proposal is such that there are one or two questions which the parliamentary assistant might answer more specifically. I note that the resolution does give one figure, namely, $5,000, as the maximum amount of a death benefit which is available under this legislation. Can he indicate what formula the government has in mind on the basis of which that $5,000 maximum is reached or on the basis of which any lesser amount is the maximum in the case of other participants? Can he also indicate what the contribution, or the premium payable under this legislation, is to be? It seems quite clear from the resolution that the legislation envisages the making of payments into a fund by civil servants or by members of the regular forces, receiving in turn the protection or the benefit of a payment at death either to the spouse of the participant or to the estate.

Our views on the matter might of course be affected by the amounts to be paid in and the corresponding benefits to be received, but generally speaking this proposal looks good to us. I find myself in the position where I have to say almost exactly the same thing I said yesterday with respect to another matter which the same parliamentary assistant was piloting through the house. To the extent that this is good for civil servants we think it is good for Canadians generally. It looks to me that what is being provided is a form of life insurance, term insurance, and very good protection too. Although the figures are not in the bill as to what it will cost, my guess is that it would be much less costly, indeed considerably less costly, than would be the case if the same kind of insurance were purchased from private insurance companies. I can well remember the hue and cry that has been raised in the

newspapers and in some quarters in the country when on occasion we have suggested there might be room for improvement in the field of life insurance if it were handled on a government basis rather than on a private basis. But here it is. It is for a select group; it is just for civil servants; but if I read this resolution aright, it is a form of socialized life insurance. It is restricted to one form of life insurance, namely, term policies, which incidentally life insurance companies do not peddle very zealously. But to that extent I suggest it is all to the good, and I hope the parliamentary assistant will answer some of these questions now, bearing in mind the fact that we will not have a chance to ask questions when we are on second reading, and after that the bill will go to the committee.

I should also be glad if the parliamentary assistant would elaborate on his statement as to the possibility of civil servants who are now retired coming under this plan. If they do elect to come under it, what amounts will they have to pay in order to get the benefits? May I ask also whether the benefit provided under this arrangement, or under this term insurance policy, is a fixed benefit, or does it go up or down with the passage of time or with the advance in years of the participant? A colleague of mine suggests that I use the words "the insured". The point is well taken. The resolution refers to these people as participants, but in point of fact they are being insured under this government scheme. I should like to reserve final comment until we have all the details, but on the basis of such details as I can get from this resolution, it looks very good. My hope is that a plan of this nature, good as it is, will before long be available not only to civil servants but to all the citizens of Canada at the same relatively low cost at which I am satisfied the government is in a position to make this insurance available.

Mr. Macdonnell: Would the parliamentary assistant prefer to have me defer my questions until he has answered the previous questions.

Mr. Benidickson: Go ahead.

Mr. Macdonnell: Then I shall ask my questions now. I listened with interest to the inferences that have been drawn by the hon. member for Winnipeg North Centre, which I have no doubt he has been glad to draw and which the rest of us will have to ponder.

Is this compulsory? When I say "compulsory" I mean for everybody. For instance, does it apply to bachelors and others who may need no death allowances? Secondly, has there been any contact with representatives of the service forces and of the civil servants to see what their attitude is? One has heard of instances here and there of people who did not like the compulsory feature. Would there be anything in the operation of the act, in so far as the superannuation or the pension benefits are concerned, which would indicate that there was any substantial measure of opposition or discontent in that the measure would also be compulsory? These are the questions I should like to ask, and in particular I should like to know whether any means has been taken to sound out the views of the proposed beneficiaries.

Mr. Pearkes: Mr. Chairman, there are one or two questions I would like to ask in connection with this resolution. I presume it is of a compulsory nature for all members of the civil service and the armed forces and for that reason I have certain qualms as to whether it is highly desirable that we should compel members of the civil service and the armed forces to take out this kind of insurance.

There are large numbers of persons in the civil service and armed forces who have for years contributed to various life insurance schemes and have provided themselves with such security as they feel necessary or desirable for the safeguarding of their families after death. Are they now to be compelled to take out another $5,000 worth of life insurance which may place considerable hardship upon them, and hardship particularly in the case of a widow? For this additional $5,000 would be subject to succession duties if the estate was such that the succession duties had to be paid.

Then, will it also apply to the female members of the civil service and the armed forces? Many of these young ladies who are in the civil service and in the armed forces would I think prefer to take out an annuity rather than life insurance. They regard the responsibility of providing for their families, should they marry, as the responsibility of their future husbands, whereas if they are single and intend to remain so then they would much rather have security in their old age in the form of an annuity rather than life insurance.

Is there any means in this scheme by which the life insurance could be commuted in old age and used to look after their needs after they have retired from the service and have reached old age?

Now, regarding the paragraph dealing with former public servants and members of the armed forces, does that refer to personnel who have already retired, or only to such personnel as those who will not have

completed their payments up to the maximum of $5,000 and then will be able to make contributions after they have retired? Also, is there any intention of extending this scheme to crown corporations, and does this scheme also include members of the Royal Canadian Mounted Police?

Mr. Benidickson: Mr. Chairman, several questions have been raised and probably I should deal with them in the order presented. The hon. member for Winnipeg North Centre raised the question of the amounts and the reason for selecting these amounts. The maximum is set out in the resolution and it will be $5,000, but it will be $5,000 or a year's salary, whichever is the lesser amount. That is the manner in which the figure has been arrived at. It is proposed that all people who are contributors under the Civil Service Superannuation Act will be contributors under this scheme, and the reason for that is that when everyone is in a group scheme the rate is much lower.

Mr. Knowles: Hear, hear.

Mr. Benidickson: The rate proposed will be 40 cents per month per thousand which, as hon. members will recognize, is a pretty low rate of insurance.

Questions in regard to the compulsory feature of the scheme were raised by the hon. member for Greenwood and the hon. member for Esquimalt-Saanich, and one of them raised the point of a bachelor not desiring to take out insurance payable on his death and probably not having any close relative to whom he wished the benefits to pass. However, as I indicated in my statement, this is not intended to create an estate. It is primarily intended to take care of the expenses which normally are connected with death, and particularly if death is preceded by an illness. That, of course, would apply to the single person in the same manner as to the married person.

Then, the cost is much lower if everyone in the group participates, because hon. members will recognize that the group will then include the old and the young, the healthy and those who have not good health.

In the case of the bachelor, he might while a bachelor decline to take insurance but then in a few years he may change his status and be very glad to come into the scheme. If that was left optional hon. members can see the kind of difficulties which would arise by allowing such people to remain outside the scheme. It would not be fair to the original participant to allow these people who have had second thoughts to come in probably at a time when it was strictly to their advantage and when they would lessen the advantage to those who were in the scheme from the very beginning.

The reference I made to the possibility of continuing to participate was not necessarily applicable to a civil servant after retirement. A provision would be made to allow persons who had participated over a certain number of years in the scheme to continue with their payments even if they were leaving for other employment. Similarly, it is expected that where the crown corporations have a desire to allow their staffs to participate, arrangements will be made to provide for that.

Mr. Knowles: Before the parliamentary assistant leaves that point, do I understand from what he has just said that any former civil servant now retired on superannuation would not have the opportunity to elect for this scheme?

Mr. Benidickson: No, there is no opportunity for someone who has retired. Then, I think the hon. member for Winnipeg North Centre overlooked the point that we already have under the Civil Service Insurance Act an optional insurance scheme, though only a portion of the members of the civil service have taken advantage of that act. From now on, there will no longer be an opportunity to take out insurance under that scheme, and it is expected that this scheme will take the place of the other one.

Mr. Stewart (Winnipeg North): May I ask the parliamentary assistant whether the government will contribute in the same way as those who are members of the scheme? In other words, will the government be contributing 40 cents per month per thousand?

Mr. Benidickson: The intention is that the government contribution will be made at the time when the benefit is payable, and they will pay a portion of the benefit. Under, I think, the Civil Service Act, there is a provision whereby, in respect of employees who have had more than two years of service, a gratuity of two months' salary is paid if they die while in the service. The group insurance, of course, will provide a death benefit amounting to a full year's salary, but it will be in substitution of this gratuity which has hitherto been payable by the government.

Mr. Stewart (Winnipeg North): In other words, the government will be contributing only on death?

Mr. Benidickson: Yes; and of course the government will carry the cost of administration through the insurance department.

Mr. Pearkes: Could I get an answer to the other questions I asked? I asked if there was any form by which there could be a transfer to an annuity. I presume not from what the parliamentary assistant has said—

Mr. Benidickson: No.

Mr. Pearkes: —and it will only be paid on death, although they are to take care of the terminal illness. Is that correct?

Mr. Benidickson: No. I said that it is frequently the case that there are illness expenses preceding the death of the insured. The amount of insurance that is provided under this legislation is not particularly large and it is considered that on average it will just be sufficient to pay the expenses of that illness, of the funeral and so forth.

Mr. Pearkes: Are the Royal Canadian Mounted Police included in this scheme?

Mr. Benidickson: I have not that specific information.

Mr. Knowles: I hope the parliamentary assistant is aware of the very excellent statement on an extremely important principle that he has made this afternoon in presenting this measure. He has pointed out that the value and the secret of social insurance is universal coverage of whatever group one is trying to insure. I can see one hon. member sitting not far from him over on the other side who is enjoying it immensely and I am glad to see him applauding now.

Mr. McCann: The hon. member is now looking for commitments.

Mr. Knowles: We have had a commitment from the parliamentary assistant. We have had a recognition of the principle that you can do far more—

Mr. McCann: Within limitations.

Mr. Knowles: —for members of a group when they are all in than when you try to do it on an individual basis. I am sure the hon. member for Spadina agrees with me even if the Minister of National Revenue wants to make a certain reservation. However, there are one or two more questions I should like to put to the parliamentary assistant. First may I pursue the question that my colleague the hon. member for Winnipeg North put to the parliamentary assistant a moment ago? Has any estimate been made as to what portion, we will say, of the maximum death benefit of $5,000, when it is paid at the death of a civil servant, is covered by the premium payments and what portion is covered gratuitously by the government?

[Mr. Benidickson.]

Mr. Benidickson: It is expected that the government contribution to the death benefit will be about one-sixth of the amount payable on death.

Mr. Knowles: In other words, Mr. Chairman, these premiums which are fairly low cover about five-sixths of the cost. I applaud it too, as does the Minister of Citizenship and Immigration. These premiums which are quite low cover about five-sixths of the cost of this term insurance. We have now been given—

Mr. Benidickson: Plus the government assuming all the cost of administration.

Mr. Knowles: All right. What do you want to add for that? Another sixth? No; not that much. In any case, we have now been given the rate, namely 40 cents per thousand per month. The maximum amount is $5,000. That works out at $2 a month or $24 a year for protection in the amount of $5,000. We are now told that that figure covers something approaching five-sixths of the cost. This means that this is a provision which enables civil servants to get term insurance protection at the rate of somewhere around $6 a thousand. You cannot get that from any private insurance company. In other words, Mr. Chairman—

Mr. Diefenbaker: You cannot get it in Saskatchewan either.

Mr. Knowles: —we are having here a good example of what can be done on an over-all basis by using the insurance principle. We are glad that this step is being taken. As I said a moment ago, we hope the day will come when protection of this kind will be available not just to civil servants but to all the citizens of Canada. We hope that the excellent statement of principle on social insurance that has been given this afternoon will be extended into certain other extremely important and necessary fields. I am glad to see that my hope in this respect is greeted with such pleasant approval by hon. members opposite, both in and out of the cabinet.

Mr. Macdonnell: I am sure we are all delighted to see the pleasure the hon. member for Winnipeg North Centre is getting from greeting his brother socialists across the gangway. I do not think we should try to deny him any of it at all. I do not think the parliamentary assistant answered my question as to whether any attempt had been made to sound out any representative body.

Mr. Benidickson: I overlooked that question. On a confidential basis the government indicated to the national joint council

of public servants of Canada its proposals in this respect. The council itself had been suggesting that the old insurance scheme should be improved upon. The government also knew, from its own point of view, that the act required some revision from the point of view of present interest rates and the like. As a result, this step was proposed. Representatives of the civil service groups will be invited to come before the banking and commerce committee to express their views.

Mr. Pearkes: Has any attempt been made to find out whether the armed services would like to participate in this scheme?

Mr. Benidickson: They have not a direct organization. I think that is the situation there.

Mr. Pearkes: They were told to come in.

Mr. Stewart (Winnipeg North): I of course support this legislation but I am rather intrigued by some figures which the parliamentary assistant has given us. I should like to know if I have them correctly. A person in the fund will pay 40 cents a month, which is $4.80 per year and the government will then pay one-sixth of that amount, which will bring the contribution per thousand up to $5.60. In other words, the government is in effect gambling $5.60 against $1,000 that so-and-so will not die. What is the mortality rate in the country at the moment? Is the mortality rate not running about nine per thousand? If so, would the gamble, on an actuarial basis, not be $9 per thousand? I merely ask, not in opposition to this legislation but in order to find out whether the parliamentary assistant is really accurate in his statement that the government's share will be only one-sixth?

Mr. Benidickson: I indicated that the government intended to pay one-sixth of the capital amount paid out at the time of death. In so far as the mortality rate, the costs of administration, the experience of the insurance department in the past under the old act and all those things are concerned, I suggest that they are more properly matters that could be delved into when the committee has the bill referred to it.

The Chairman: Shall the resolution carry?

Mr. Thatcher: I should like to ask one question of the parliamentary assistant. I wonder if he could tell the committee what the annual figure is likely to be that the taxpayer will have to bear if this legislation is passed? Has no estimate been made by the treasury board?

Mr. Benidickson: An estimate probably has been made. I do not happen to have that information with me. As I say, it could be available to the committee.

Mr. Thatcher: I think it is not an unfair question. I should like the parliamentary assistant to give that figure, if he would, before the bill comes down.

Mr. Knowles: What is the position of the civil servant after he discontinues or after he is retired but is still alive? Does he continue to make payments or not? Does any change take place in the value of his death benefit after he has retired?

Mr. Benidickson: If he does not continue his payments—it is term insurance—then he does not keep rights under the provisions of the act.

Mr. Knowles: The parliamentary assistant says it is term insurance. When does it end?

Mr. Benidickson: It would end upon death during the service or if payments under the provisions of the act are discontinued.

The Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

Resolution reported, read the second time and concurred in.

Mr. Harris (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 463, to amend the Public Service Superannuation Act.

Motion agreed to and bill read the first time.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF MORE THAN ONE DEPUTY COMMISSIONER, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Royal Canadian Mounted Police Act to provide for the appointment of more than one deputy commissioner and also to provide for the granting of pensions to certain officers and men not at present eligible.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Fulton: I notice that the bill to be based on the resolution deals with the appointment of a deputy commissioner and the matter of the granting of pensions to certain officers and men of the Royal Canadian Mounted Police not at present eligible.

As I know there are a number of what are regarded as anomalies in the present pension situation of the Royal Canadian Mounted Police, I think it would be appreciated if the minister would give us a general outline of the scheme of overhaul which is contemplated because that might obviate unnecessary discussion.

Mr. Garson: Mr. Chairman, with regard to the appointment of the deputy commissioner, the position is that part I of the Royal Canadian Mounted Police Act provides that the governor in council may by commission appoint a deputy commissioner. This position was established on the first of April, 1932 and since that time, as is obvious to all of us, the responsibilities and the strength of the force have increased greatly. The senior assistant commissioner, under the authority of an order in council dated March 26, 1953, now receives the same rate of pay as that authorized for the deputy commissioner and is performing duties of equal responsibility. We consider that it is desirable to regularize this situation by providing in the establishment for two deputy commissioners and by cancelling the establishment and salary provision of the senior assistant commissioner. There are therefore, as is obvious, no financial implications involved.

With regard to the proposed pension provisions, there are, as hon. members are aware, two separate pension provisions for the force. One is outlined and referred to in parts II and III of the act and represents the original non-contributory pension for which until March 1949 all members of the force had been eligible. Under these parts II and III non-contributory pension members who have completed over ten years service and who have been discharged for inefficiency or misconduct are automatically entitled upon discharge to a pension of one-half of the disability pension ordinarily available to them on retirement until the age of 65, and then two-thirds of such disability pension after that age. In addition, authority is given to increase that amount, if, according to the circumstances of such inefficiency or misconduct, that seems to be desirable, to two-thirds of such disability pension until 65 and the full pension after the age of 65.

In 1949 a new contributory pension scheme was inaugurated in the force which was to be available for all new members of the force who came on strength after that date and to those old members who wished to join the contributory pension fund. It provided a number of additional features such as an allowance to the widow and children of the member, and other features of that sort which were not formerly available under the non-contributory pension scheme. But in the new contributory pension scheme there was no provision for a pension in the event of the member of the force in this scheme being discharged for inefficiency or misconduct.

Upon further consideration we now think that the position of the pensioner under the two schemes should be equalized in that respect. That is the purpose of the bill to be introduced by the resolution.

Mr. Diefenbaker: How many have been discharged for inefficiency or misconduct since 1949?

Mr. Garson: Seven.

Mr. Pearkes: At the convention of the Canadian Legion in Montreal in 1952 recommendations were made that those members of the force who had served in armed forces during the war other than armed forces raised in Canada should be permitted to count their time towards their pension. I believe that under the old act members of the force who had served with the imperial forces were permitted to count their time in such service towards their pension from the Royal Canadian Mounted Police. But when part V was introduced it was limited to those who had served on active service in the naval, military and air forces of His Majesty's forces raised in Canada. That excluded those members of the Royal Canadian Mounted Police who had served in the imperial forces.

I very much appreciate the traditional Canadian character of the Royal Canadian Mounted Police, but ever since the force was formed there has always been a percentage of the men who have seen service in forces of the crown other than those actually raised in Canada. I was wondering whether any provision had been made in these amendments to allow these men with overseas service with forces other than actual Canadian forces in the wars in which Canada has taken part to count that time towards their police pension.

Mr. Garson: No. The present projected act does not contemplate any amendments other than those which I have mentioned.

Mr. Fraser (Peterborough): Will the amendment give the men who were discharged the same privileges and rights as men who retire on account of sickness?

Mr. Garson: No. They are, I think, under a proper disability by reason of their misconduct, but it does not seem fair that a man who has served for quite a period of time and who commits some serious item of misconduct, perhaps of a momentary character but which means that he cannot be kept in

the force, should be penalized in respect of his whole accumulated pension. This provision is to meet a case of that kind.

Mr. Diefenbaker: In view of that statement, is it intended that the amendment shall apply to the seven discharged recently? I know that usually retroactive legislation is not to be encouraged, but if it is now ascertained, as the minister says, that it is unfair there should be that discrimination as it were between the two classes, is there any reason why under those circumstances, and after second thought, the provisions of the amendments that will be introduced in consequence of this resolution should not be placed in a position where they would be effectual since 1949.

Mr. Garson: No, there is no such reason. My hon. friend from Prince Albert is quite right, and we propose to secure authority by this proposed legislation to consider the cases of these seven discharged members.

Resolution reported, read the second time and concurred in.

Mr. Garson thereupon moved for leave to introduce Bill No. 464, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

RESEARCH COUNCIL ACT

AMENDMENTS TO ENABLE COUNCIL TO ACQUIRE FUNDS, ETC.

The house resumed, from Tuesday, May 11, consideration of the motion of Mr. Howe (Port Arthur) for the second reading of Bill No. 375, to amend the Research Council Act.

Mr. Speaker: As the house will recall, there was an amendment moved by the hon. member for Lambton West (Mr. Murphy) when we adjourned the debate, and at the request of the Leader of the Opposition (Mr. Drew) the amendment was allowed to stand so that argument could be presented in favour of the amendment. Hon. members will recall that I had declared the amendment out of order because under our rules 48 hours' notice of the appointment of a special committee must be given in *Votes and Proceedings.* Unless there are arguments that can be presented now I shall have to maintain the ruling that I made on the earlier occasion and declare the amendment out of order.

I have already declared it out of order, and unless cogent arguments are presented which may compel me to change my mind—for the comfort of hon. members I might say that during the time at my disposal I have looked into the authorities in order to reassure myself I was on sound ground—I might say now that I think no matter what argument might be presented, I would still declare the amendment out of order. We might as well leave it at that, and say the amendment is out of order.

Mr. Fulton: I find it almost impossible not to accept your warm invitation, but under the circumstances there probably would not be much point to it.

Mr. Speaker: Of course, the hon. member for Kamloops (Mr. Fulton) will agree with me that before I made this last pronouncement I had patiently waited for some sign from him that he was going to rise and argue the point.

Mr. F. G. J. Hahn (New Westminster): When the debate was adjourned on May 11, I was discussing the need for keeping our young men and women scientists in Canada, particularly for research purposes. The minister had this to say about that, as recorded on page 4624 of *Hansard* for that date:

> I should like also to emphasize that research is not a static thing. It is continually changing to meet changing conditions and also, like an organism, must grow from small beginnings. The development of research is not merely a matter of money. Money will not buy trained men if they are not available, so that in looking at and assessing the growth and development of research in any country, one must always keep in mind that it is a changing picture and that it is often impossible to provide at any moment everything that may be desirable.

I would have you note there, Mr. Speaker, that the minister did say money will not buy trained men. What happened to the men that we did have in this country who were trained at the various wonderful universities we have in Canada? Most of them I dare say—I should not say most of them—have gone south of the border. They find it is more lucrative to enter the scientific field there, especially the field of research. I have spoken to a number of them from time to time, and their contention is that our economic standard is of equal value to that of the United States, and therefore they feel that they should be paid as well as their United States counterparts.

I have no doubt but that the minister feels, and rightfully so, that we are doing everything we can to encourage those individuals to stay here. Now that he has pointedly indicated we are entering the research field on a grandiose scale, we might say, we should invite these young men and women to return. In many instances they have not accepted United States citizenship, and have intimated that they wish to return. Possibly a gesture from our government might lure

them back so that we would have them available for research purposes. I would heartily endorse what the research council subscribes to, namely that no brilliant young student should be prevented from receiving training because of lack of scholarships or grants.

In so far as grants are concerned, as a young nation we probably are giving as much as we feel we can afford, but I think that the more money we spend on research, the more results we will have and the greater the number of industries that will be set up. This fact has been illustrated by the minister himself. We would be, therefore, getting our dollar's worth, in some instances multiplied many times. My main concern in this regard, of course, is how do our grants compare with the grants and bursaries given by United States universities? What happens to the trained research worker after he has received his education here? What special privileges are we prepared to give to trained personnel who indicate their desire to come to Canada? Anyone who has taken a trip to the United States in recent years, I am sure will have discovered there is an increase in the number of requests for information about the vast mineral fields in British Columbia that have been opened up, the oil fields in Alberta and the mining interests in Ontario and Quebec. We could use many of these personnel if they would agree to come to Canada for research purposes.

It is now five o'clock, Mr. Speaker.

Mr. Speaker: Since it is five o'clock, the house will proceed to the consideration of public and private bills.

BRITISH NORTH AMERICA ACT

AMENDMENT TO INCREASE QUORUM OF HOUSE OF COMMONS

The house resumed, from Tuesday, January 26, consideration of the motion of Mr. Knowles for the second reading of Bill No. 81, an act to amend the British North America Acts, 1867 to 1952, with respect to the quorum of the House of Commons.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he will close the debate.

Mr. Knowles: I shall be very brief in closing the debate on the second reading of Bill 81, to amend the British North America Acts, 1867 to 1952, with respect to the quorum of the House of Commons. As hon. members are aware, the purpose of this bill is to increase the quorum of the House of Commons.

At the present time, according to section 48 of the British North America Act, the minimum attendance for the house to transact business is fixed at 20 members. As I have pointed out on previous occasions, there has been no change in that figure since 1867. Since that time, however, there has been a fairly substantial increase in the membership of the house. Originally the membership was 181, whereas our present membership is 265. For my part I feel the quorum should be a much larger figure than that proposed in my bill. However one realizes the difficulty of having changes made, particularly when he is dealing with the British North America Act. Therefore my bill proposes simply that we maintain the same proportion that was established when the quorum was fixed in 1867 at 20 members.

Incidentally, as I pointed out previously, the figure of 20 members was carried forward from the figure which served as the quorum in the legislative assembly of the Province of Canada previous to 1867, when the total of members representing the two parts, Upper and Lower Canada, was considerably fewer. It does seem to me that to maintain that proportion and thereby to increase the quorum to 30 members is the least that we should be doing.

Various arguments have been advanced as to why this should not be done, the chief argument being that there are many committees members have to attend. But I press the point that at no time are there enough committees sitting—in fact there are not either rooms in the building or reporters sufficient to make it possible—to take away enough members to make a quorum of 30 members, or even a much larger number, impossible to attain.

It has been said to me in recent days, on occasions when at one time or another attendance in the house has fallen rather low, that if my bill were to pass it would be that much more difficult to keep the house working. It has been said that it would be more difficult to keep 30 members here than to keep 20. Well, if at times the attendance in the house falls within reach of the minimum fixed by law, that is all the more reason why the minimum should be a little higher than it is at the present time, so that we might have a better attendance at all times.

People outside cannot understand why the quorum is set so low. Some have questioned my bill on the ground that it does not fix a high enough figure. As I have said, I think it should be considerably higher; but surely this is the least that we should approve, namely the maintenance of the same proportion as was established in 1867.

This then is the purpose of my bill. If it were to pass the house and receive approval

in the other place and the assent of His Excellency the Governor General, by virtue thereof the British North America Act would be amended. No further steps would be necessary. This is in consequence of the amendment to that act we obtained in the fall of 1949, as a result of which we now have the right to amend the British North America Act, the constitution of Canada, with respect to matters exclusively federal, by a bill put through the parliament of Canada.

It is in the exercise of that right that this bill is presented, and I believe it would meet with approval outside the house if we were to take this step to increase the minimum attendance required in the house. Therefore, I urge hon. members to adopt the bill, which might now be put to a vote.

The house divided on the motion (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs.

Argue	Knowles
Barnett	Leboe
Blackmore	Low
Bryson	MacInnis
Cameron (Nanaimo)	Nicholson
Campbell	Noseworthy
Coldwell	Patterson
Gillis	Quelch
Hahn	Regier
Herridge	Shaw
Hodgson	Stewart (Winnipeg North)
Holowach	Thomas
Johnson (Kindersley)	Winch
Johnston (Bow River)	Yuill
Jones	Zaplitny—31.
Knight	

NAYS

Messrs.

Anderson	Carter
Arsenault	Cauchon
Ashbourne	Cavers
Balcer	Charlton
Balcom	Chevrier
Bell	Churchill
Benidickson	Clark
Bennett (Grey North)	Claxton
Bennett, Miss (Halton)	Conacher
Bertrand	Cote
Blair	Croll
Blanchette	Dechene
Boisvert	Decore
Boucher (Chateauguay-Huntingdon-Laprairie)	Denis
	Deschatelets
Boucher (Restigouche-Madawaska)	Dickey
	Diefenbaker
Bourget	Dinsdale
Breton	Drew
Brisson	Dufresne
Brown (Brantford)	Dumas
Brown (Essex West)	Enfield
Buchanan	Eudes
Byrne	Fairey
Campney	Ferguson
Cannon	Forgie
Cardin	Fraser (Peterborough)
Caron	Fraser (St. John's East)
Fulton	McMillan
Gardiner	McWilliam
Garson	Mang
Gauthier (Lake St. John)	Masse
	Michener
Gauthier (Nickel Belt)	Mitchell (Sudbury)
Gauthier (Portneuf)	Monette
Girard	Monteith
Gour (Russell)	Montgomery
Gourd (Chapleau)	Murphy (Lambton West)
Habel	Murphy (Westmorland)
Hamilton	Nowlan
Hanna	Pallett
Hardie	Pearkes
Harkness	Pearson
Harris	Perron
Harrison	Philpott
Healy	Picard
Hees	Pickersgill
Hellyer	Pinard
Henderson	Pommer
Hollingworth	Poulin
Hosking	Power (Quebec South)
Houck	Power (St. John's West)
Howe (Port Arthur)	Proudfoot
Howe (Wellington-Huron)	Prudham
	Purdy
James	Ratelle
Jutras	Reinke
Kirk (Antigonish-Guysborough)	Richard (Ottawa East)
	Robichaud
Kirk (Shelburne-Yarmouth-Clare)	Robinson (Bruce)
	Robinson (Simcoe East)
LaCroix	Rochefort
Lafontaine	Ross
Langlois (Gaspe)	St. Laurent
Leduc (Gatineau)	Schneider
Leduc (Verdun)	Small
Lefrancois	Stanton
Legare	Starr
Lennard	Stick
Lesage	Stuart (Charlotte)
MacDougall	Trainor
MacEachen	Tustin
MacKenzie	Viau
MacNaught	Villeneuve
Macnaughton	Weir
McBain	Weselak
McCann	White (Hastings-Frontenac)
McCubbin	
McDonald	White (Middlesex East)
McIvor	White (Waterloo South)
	Wood—154.

Mr. Goode: Because of the illness of the hon. member for Medicine Hat (Mr. Wylie) I did not vote.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 152, REVISED STATUTES OF 1952—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

The house resumed, from Tuesday, March 23, consideration of the motion of Mr. Knowles for the second reading of Bill No. 4, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

Mr. Knowles: Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he will close the debate. Does the hon. member for Vancouver South wish to speak in this debate?

Mr. Elmore Philpott (Vancouver South): Yes, Mr. Speaker, I wish to say a few words in support of the principle of the check-off. It seems to me that in provinces where the principle of the check-off has been applied the ground of difference between employers and employees has been very much narrowed, and that is a condition which should be favoured by anyone in Canada who believes in supporting the best interests of our country.

I am well aware, of course, that there are conditions which do not make this bill as potentially effective in the federal field as would a similar principle applied in the provincial field. But I wish to make it clear that our experience in British Columbia is that since we have had the principle of the check-off available on the basis of a majority vote in any given industry then the relations in key industries such as that at Trail and in other great industrial centres of British Columbia have been greatly improved, and the really marked improvement there has been in the relationships between employer and employee in British Columbia in the past 10 years or so is due to the fact that an enlightened Liberal minister of labour did make certain great improvements in industrial relations. The check-off was one of these reforms which the Liberal minister of labour enacted and I therefore wish to make it very clear, Mr. Speaker, that I am in favour of the check-off and believe it deserves consideration by this house.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I must say that I am very happy indeed to hear the hon. member for Vancouver South (Mr. Philpott) expressing himself along the lines on which he has just spoken, and speaking as an hon. member from the province of British Columbia I must say that my own experience in connection with the introduction of this check-off principle confirms what the hon. member has said.

He mentioned that improved industrial relations had resulted in such industrial centres as the city of Trail. Certainly I know that in the coastal areas, where the principle of the check-off has been accepted in the great British Columbia lumber industry, it has certainly served in my opinion to narrow the areas of difference which exist from time to time between employers and employees.

I must confess though that the remarks of the hon. member struck me as being much more in line with the best traditions of Liberalism than have some of the remarks I have heard coming from that side of the house in recent months. Hon. members will no doubt recall that the debate on this particular bill has progressed at a rather leisurely pace, which may be just as well because it has perhaps allowed some of us who are convinced of the sanity of this measure to cool off a little before making a reply to some of the remarks which have been made. I have before me a record of *Hansard* containing a speech made by the hon. member for Timiskaming (Mrs. Shipley) in which she refers to this bill as "such compulsory legislation as is here proposed." It seems to me that one has only to take that phrase from that particular speech to demonstrate how absurd that contention is.

I would like to add that the remarks I have heard on this bill in the previous discussions seemed to me to be echoing the arguments I heard a number of years ago almost ad nauseam from some of the employing interests who were opposed to the introduction of this principle, and which were based upon the supposition that the working people of this country know nothing about maintaining democracy and are less able to look after their own affairs than the rest of the citizens of this country.

I maintain this is an utterly false assumption. Some of the arguments which have been advanced from that side of the house reminded me, in their reference to certain leaders of the trade union movement, of nothing so much as a Tory attempting to describe the actions of the present Canadian cabinet, and while I might admit that people who become somewhat accustomed to power and responsibility may have a tendency at times to abuse that power, I would submit that that is certainly no more true of the leadership of the trade union movement than it is of the government of Canada. Anyone who keeps these things in perspective and who has a proper sense of proportion in connection with them realizes how absurd those arguments are.

This is an extremely simple arrangement that is suggested. Far from being a proposal for compulsory legislation, it is simply a proposal for permissive legislation. It only means that if a group of workers have decided amongst themselves that they wish to adopt this system, the law says that they shall have the right to do it without having to fight an economic battle with their employer in order to achieve it. That is one of the ways in which the agencies of the various levels of government in this country can help to reduce the area of conflict that exists between the various groupings in our society.

I suggest that it is something that we have in many fields within the provinces today and certainly the experience we have had there has been good, in my opinion. Even the new labour act which was introduced

recently by the present government of British Columbia—much as I disagree with many of the sections in it—did not seek to eliminate this particular type of provision. I suggest that there certainly can be no harm in this parliament's setting an example to the people in all parts of the country with regard to allowing this form of democratic right to the workers of Canada.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I just want to say a word or two with regard to this measure.

An hon. Member: The hon. member has already spoken.

Mr. Johnston (Bow River): Of course Mr. Speaker does not know that.

Mr. Deputy Speaker: Order. I have before me a list of the speakers in this debate. I understand that the hon. member spoke previously.

Mr. Johnston (Bow River): We are in agreement with the proposal, in any event, Mr. Speaker.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I rise for only one moment in order to point out that, owing to his having to attend upon public business elsewhere, the Minister of Labour (Mr. Gregg) was not able to be present today. However, his views on this bill were given to the house immediately after the sponsor of it spoke on February 23. In his remarks he made it clear that this was one of the many matters which were being studied by his officials, the department generally and himself, with a view to the introduction of possible amendments to the act. In the course of his remarks he asked that further time should be given for the purpose of making those studies and of bringing amendments to the house.

Mr. Deputy Speaker: May I remind hon. members that if the hon. member for Winnipeg North Centre speaks now, he will close the debate.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my remarks will be brief in order that the house might come to a decision on this matter before the conclusion of this hour devoted to private and public bills. I am glad that the Minister of Citizenship and Immigration (Mr. Harris) made it clear that the absence of the Minister of Labour (Mr. Gregg) today is due to a previous engagement. He knew that this bill might be proceeded with today but was satisfied that it might be dealt with in his absence. The Minister of Citizenship and Immigration has, I think, stated his position with regard to it.

May I just remind the house that this is a matter which has been before parliament on a number of occasions. It may seem a bit tedious for me to tell this part of the story again, but I feel that I must remind the members of the house that as long ago as 1948, when the present Industrial Relations and Disputes Investigation Act was first drafted and placed upon our statute books, when that legislation was going through parliament there was one stage at which it had in it the very principle, the very wording, that is contained in the bill that is now before the house. That principle, namely the voluntary revocable check-off, was written into the Industrial Relations and Disputes Investigation Act in the committee on industrial relations, on the motion of the hon. member for Spadina (Mr. Croll). Despite the fact that the voluntary revocable check-off was written into the bill when it was in the committee on industrial relations, when the bill came back into the house an amendment was moved by another Liberal member to strike out that provision. On a division, the provision was lost in the committee of the whole house. Since that time this identical bill has been before the house a number of times. The votes have varied. The last time that the matter came to a vote was in 1951 when some 67 votes were cast in favour of it, including 17 on the Liberal side of the house, and all those on the opposition side who were present at the time. That was the largest number we have yet obtained by way of a vote in favour of this bill. I hope that today it might be larger, and that one of these days we may win the acceptance of this principle.

May I remind hon. members of the house again that what we are asking in this bill is not a compulsory measure. Rather we are asking for the very minimum of union security, namely the voluntary revocable check-off. The provision would be that in any case where a union is recognized as the bargaining unit for a group of employees, it would be the right of any employee in that union to request in writing that his dues to the union be deducted at the source and be paid over to the union by his employer. It would be the further right of such employee to revoke that request at any time. In other words, Mr. Speaker, as others have pointed out—indeed others on both sides of the house—this is the minimum form of union security that can be written into any labour legislation. It seems to me that the least this parliament should do is to accept this minimum form of union security and make it the law for those who come under federal labour jurisdiction.

I remind hon. members that in a number of the provinces of this country there is in

existence legislation like or similar to that which is proposed here. I also remind hon. members that in 1953 when this bill was before parliament there was made an amendment that it be not read a second time but that the subject matter thereof be referred to the committee on industrial relations. That committee considered the subject matter carefully and in its report indicated its endorsation of the principle. That was the position taken by that committee, with the additional recommendation that the matter be studied by the government in its review and proposed revision of the provisions of the Industrial Relations and Disputes Investigation Act. That stand taken by the committee was confirmed by the house when the committee's report was made to the House of Commons. That then is the last position taken by parliament, namely endorsation of the principle of the voluntary revocable check-off and a recommendation that the matter be considered by the government.

I suppose the Minister of Citizenship and Immigration feels that it is a case of carrying out that recommendation for this consideration to go on. But some of us—including labour generally—feel that there comes a time when action is required rather than just the promise of still further consideration. When this matter was before the house several months ago I was ready to agree to the request of the Minister of Labour that it stand over for still further consideration to be given to it. That was in addition to the consideration given from the time the report was made to parliament in the last session—over a year ago—through the period between sessions and through the time of the election. In addition to all of that, we have given this additional time since this bill was introduced on December 11, and I think the time has come for the house to decide on the principle itself. In my view this house should now support the principle of the voluntary revocable check-off of trade union dues by voting for this bill.

The house divided on the motion (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Bell
Blackmore
Brown (Brantford)
Bryson
Byrne
Cameron (Nanaimo)
Campbell
Castleden
Charlton
Coldwell
Conacher
Croll
Dufresne
Ellis
Fairey
Gillis
Girard
Goode
Hahn
Hamilton
Harrison
Herridge
Hollingworth
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Low
MacDougall
MacInnis
Murphy (Westmorland)
Nicholson
Noseworthy
Patterson
Philpott
Poulin
Quelch
Regier
Shaw
Starr
Stewart (Winnipeg North)
Thatcher
Trainor
Winch
Yuill
Zaplitny—51.

NAYS

Messrs:

Anderson
Arsenault
Ashbourne
Balcer
Balcom
Bertrand
Blair
Blanchette
Boisvert
Boucher (Chateauguay-Huntingdon-Laprairie)
Boucher (Restigouche-Madawaska)
Bourget
Breton
Brisson
Brown (Essex West)
Buchanan
Cannon
Cardin
Caron
Carter
Casselman
Chevrier
Churchill
Claxton
Cote
Dechene
Decore
Denis
Deschatelets
Dickey
Dinsdale
Drew
Enfield
Eudes
Fraser (St. John's East)
Fulton
Gardiner
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gour (Russell)
Gourd (Chapleau)
Habel
Hanna
Harkness
Harris
Healy
Hellyer
Henderson
Hosking
Howe (Port Arthur)
Howe (Wellington-Huron)
James
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Leduc (Gatineau)
Leduc (Verdun)
Lefrancois
Legare
Lennard
Lesage
MacNaught
Macnaughton
McBain
McCubbin
McDonald
McIlraith
McWilliam
Mang
Masse
Michener
Mitchell (Sudbury)
Monette
Monteith
Murphy (Lambton West)
Pearkes
Perron
Picard
Pickersgill
Pinard
Pommer
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Richard (Ottawa East)
Robichaud
Robinson (Bruce)
Robinson (Simcoe East)
Rochefort
Ross
St. Laurent
Schneider
Stick
Stuart (Charlotte)
Tucker
Tustin
Villeneuve
Weir
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
Wood—107.

Mr. Speaker: The hour for private and public bills having expired, the house will resume consideration at eight o'clock of the business interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

RESEARCH COUNCIL ACT

AMENDMENTS TO ENABLE COUNCIL TO ACQUIRE FUNDS, ETC.

The house resumed consideration of the motion of Mr. Howe (Port Arthur) for the second reading of Bill No. 375, to amend the Research Council Act.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, in dealing with this third instalment of my speech I have only a few more observations to make along the lines I had followed earlier, when I had made reference to getting our young scientists and students back from the United States and other foreign lands to reinterest them in the research work we propose to carry on in this country.

The cost of living is about the same in the United States as in Canada. Wages paid to our industrial workers are about the same, and certainly neither the government nor anyone connected with it should claim we cannot afford to pay these scientists the same amount for the research work we expect them to do as they are being paid by similar organizations in the United States. I would go so far as to say that it seems quite likely at this time that the United States might attribute its success to the fine work its research scientists have done in the last several years; and if one were to check into the persons who are probably responsible for that in all likelihood he would find that a good many of our young Canadian men and women have been responsible to a great extent for that success.

I should like now to leave that field of discussion and turn to one or two statements made by the minister with respect to expenditures made in 1938 and 1939. Industry in the United States spent three or four times the amount spent by the United States government on research. From a standpoint of comparison, the Canadian government spent twice as much as was spent by industry in this country for that purpose. This is a very commendable fact, and those in Canada who are responsible for it should feel quite proud that our government saw fit to spend that much on research, as compared with the amount spent by industry.

One fact should be kept in mind, however, and that is that a good many of the industries to which reference was made, including such companies as Northern Electric and Westinghouse, have their main offices in the United States. Probably they did not feel they were justified in setting up huge research laboratories in Canada when they could use the knowledge they gained from their Canadian scientists in the United States and pass that knowledge on to their Canadian counterparts.

When one turns to the problem facing the research council today he must see at once the tremendous field offered by the coal industry. I do not wish to spend much time discussing this subject, because all hon. members are aware of the necessity of trying to get our coal industry back on a sound financial basis. It is a fact that not so many years ago we were proud of the fact and, indeed, announced it to the world, that in Canada we had one-seventh of the world's total coal resources. That fact gave us considerable comfort. What should have proved to be one of the greatest assets has, in the hands of this government, turned out to be one of its biggest headaches.

Possibly one of the reasons for this is that we have not done sufficient work in our research laboratories in connection with the utilization of coal. It may be urged that other countries have not spent enough time in discovering a complete utilization of coal, and that their industry has lagged, as well. However, when in trying to excuse ourselves we accuse somebody else we do not give ourselves any legitimate reason for our action. I would ask the research council, through its laboratories, to find more uses for coal so that we may utilize our supply to the fullest extent.

In my correspondence with the research council I have noticed that there is a reasonable amount of co-ordination between laboratories under government jurisdiction and research facilities set up by industry. This is to be commended, and as a result excellent work is being done. I sometimes wonder however whether we have not gone too far in accepting the statements of research laboratories. My view is that we should have a closer check-up to see whether those laboratories are telling the truth. I think more particularly of some of the highly advertised soap products offered for sale in Canada today. We hear of one soap advertised as being 99-44/100 per cent pure, and apparently the claim is made because this soap floats. This does not mean that it is particularly pure; yet the manufacturer is

permitted to advertise this product as being pure, and the reason given for its purity is that it floats.

Then we have other claims such as, "It makes clothes whiter"; and another soap that "Duz everything". And so on, down through the list. I come to a comparatively new product in connection with a certain type of clothing advertised in Ottawa. I have reference to dacron, which is another form of nylon, and also to orlon. We have several different types of materials made of these synthetic substances; but there is no guarantee as to what value there is in these products. There is a good deal of indiscriminate advertising with respect to them. Our research council has not indicated whether these are or are not good products.

I gather the hon. member for Kootenay East (Mr. Byrne) wishes to ask a question.

Mr. Byrne: No; I was just saying that people voted for Social Credit, but they did not know what they were getting.

Mr. Hahn: They knew what they had, and they got something better.

Mr. Blackmore: The same is true of Liberalism, and look what they are getting!

Mr. Hahn: I might go so far as to say that they may not have known what they voted for when they got the hon. member for Kootenay East.

To carry on with this discussion, I should like now to turn to some correspondence with the foreign trade service of the Department of Trade and Commerce. This is a letter dated May 10, 1954 signed by D. G. W. Douglas, chief of the consumer goods division, in which he says, replying to my inquiry concerning nylon hosiery:

> In the meantime, however, Mr. Gerridzen, the commodity officer for wearing apparel, has already delved into the matter of testing facilities. This department has no machinery for such purposes and we are, therefore, making outside inquiries as to which agency would be the most logical one to deal with your problems.

I do not censure the department for this because I realize that the Department of Trade and Commerce or the national research council cannot have testing departments for everything. However, if we are going to accept the unqualified word of industry, there is just the possibility that industry may be somewhat prejudiced in its own behalf. For that reason we cannot accept the word of industry, without first making some examination. I suggest that because the textile industry is of such major importance in Canada a considerable amount of work should be done by the research council in an effort to establish ways and means of obtaining a product that would sell more cheaply and also compete in world markets today.

Now, Mr. Speaker, over the period, on three separate occasions, friends of mine have said that my time is up and possibly I shall have more to say on the subject at another time.

Mr. Roland Michener (St. Paul's): Mr. Speaker, although the amendments to the national Research Council Act are more or less formal, this debate gives us an opportunity to consider the extent of this parliament's responsibility in matters of research. It is interesting to note in the estimates this year the extent of the funds which are voted for research. In the Department of Agriculture votes 5 to 15 deal with the science service of that department, and they call for just short of $10 million; in the same department the experimental farm service calls for just over $10 million. Then, in the Department of Fisheries votes 144 to 147 deal with the fisheries research board and call for expenditures of $2,500,000. In the Department of Northern Affairs and National Resources vote 329 deals with the forestry branch and, together with the grants to universities for research work, amounts to $1 million. Then of course there is a very large item appropriated for the national defence research board amounting to over $50 million, and we have not yet come to the main agency of research, namely, the national research council, which is listed for $16,081,000. Following that is the atomic energy control board which has $13,500,000 assigned to it. These figures amount to a total of over $105 million, which is to be voted by this parliament for purposes of research. One cannot help but be impressed with the extent of the research work which is the responsibility of this parliament.

In making these remarks tonight I do not approach the work of any of our agencies in a critical or complaining frame of mind. I believe that we are being well served by the agencies in their respective spheres. I believe the national research council might well consider expending a larger proportion of its budget in grants to universities. My opinion is that to some extent universities, in which much of the actual research work must be done, are cramped for funds which they receive through grants from the national research council, and that perhaps a larger proportion of the budget could usefully be used in that direction. But what impresses one most, Mr. Speaker, is the opportunity that this country offers for research which would be beneficial. It would not be possible to overestimate the importance to Canada of efficient and active research agencies directed towards the maintenance of the

enviable position which Canada has attained today in the world as the third trading nation of the world, in which the material equipment for life and the pursuit of happiness are equal to those of any other country of the world.

We have attained that enviable position through the initiative and enterprise of our people, largely our inventive people and research workers. If we are to proceed from the point we have reached, which I describe as an enviable point, and maintain our position, it seems to me that we must never let that vital spark to this kind of society die down.

We have recognized the needs of underdeveloped and less privileged countries in various ways and are aiding them with very large sums of money, such as the vote for the Colombo plan, to which we are devoting $25 million a year. The difference between such countries and Canada is largely accounted for by the application of ingenuity to the material things that we have and from which we build up our comfort and maintenance in an industrial society.

Canada itself, Mr. Speaker, is an underdeveloped country, and we shall go forward from our present position at a rate which will largely be conditioned by the efficiency and efficacy of our research service. If one looks back over recent history I think it is clear that no one fifty years ago in his best imaginative moments would have conjured up a vision of the society in which we live today. There have been so many changes in the mechanical field that anyone fifty years ago attempting to forecast the life of this country which we enjoy today would have been completely at a loss to foretell what was ahead. I can see that in the future the same relative changes will take place but probably at an accelerated pace. We are living in an age of great speed, and it may be that those of us here tonight, if we were to try to foretell what society in Canada would be like, even fifteen years from now, would be very wide of the mark. What it will be like will largely depend on the efforts of the scientists.

What I wish to direct attention to tonight, Mr. Speaker, is the responsibility of this parliament to see that the best is being done, the best use is being made of the public funds which are devoted to that end. It may be instructive, or at least interesting, to recall what was done in the province of Ontario in recent years with a view to assuring the legislature that it was making proper use of the public funds which it had voted for research purposes. The Leader of the Opposition (Mr. Drew), who was then premier of Ontario, instituted an inquiry in 1945 under the public inquiries act by a volunteer commission of industrial, scientific, professional and union representatives who were interested in this project, under the name of the Ontario research commission. Its terms of reference were to review the research agencies which existed in the province and the expenditures which were being made to see what overlapping there was, what conflict, what gaps and generally to see what could be done to co-ordinate the work of those various agencies and to make the best use of the funds which were being voted for this purpose.

These agencies consisted of federal agencies with which we are all familiar, the departments of the provincial government, many of whom had research agencies, the universities and the agricultural schools, industry with its private research laboratories and the Ontario research foundation, which was a joint enterprise of government and industry financed by the two many years ago, and doing a sort of custom research work for industry.

In the course of their inquiries they came to some conclusions which were reported and embodied in legislation in 1948 which I had the honour of having some part in. The Ontario research council act which was passed in that year, set up a council whose responsibilities, I believe, can best be described in the words of the Ontario research council's annual report for 1952-53. This report was issued after the council had been in operation for five years, first under the chairmanship of Dr. R. C. Wallace for a number of years, and latterly under the chairmanship of Dr. R. K. Stratford, who is scientific adviser to Imperial Oil Limited.

This report describes the four main interests and activities of the council with which I shall deal briefly. The first one was to provide scholarships, because it was recognized that research can be done only where there are trained personnel competent to undertake the work. Paralleled with the scholarships of the national research council some $50,000 a year was devoted to scholarships and, in view of the remarks of the previous speaker, it is interesting to note that these scholarships have not been used to train scientists to emigrate to the United States, and that the men who were trained in scientific research methods by these scholarships are, for the most part, now engaged in scientific work in the Dominion of Canada. I have not the figures at hand, but I believe some 166 out of over 200 persons who benefited by these scholarships are doing the work for which they were specially trained.

The second feature of the council's responsibility was that of correlating government research efforts in the province in order to ensure a balance with the needs of the various natural resources. It was intended from the beginning that assistance in each important field of research should be given by an advisory committee representing all the active interests and agencies. These committees were to serve as a medium for discussion and closer co-operation between already well-established research agencies. In addition, the advisory committees would be responsible for initiating further research needed in their respective fields. This might be indicated by problems requiring immediate solution, by future long-term needs, or suggested by research developments elsewhere.

In pursuance of that purpose the council's eight advisory committees are now functioning in various areas of natural and physical sciences. These are agriculture, forestry, fisheries and wild life, highways, industrial research, industrial waste, mines and metallurgy, and aerial surveys. The advisory committees have been very effective in bringing together industrial, governmental, and university research people to examine the problems and supervise programs of research.

By way of illustration, Mr. Speaker, may I refer to the work of one of these eight committees I have mentioned to indicate how such an advisory committee may eliminate overlap, may bring all the workers in one particular field of research together so they are aware of what the others are doing, and so that you do not have two or three working on the same problem leaving other problems completely untouched.

For example, the agricultural research committee is convened three or four times a year, has several subcommittees, and is composed of leading research workers in agriculture, not only in the dominion Department of Agriculture, but also in the Ontario department of agriculture, the Ontario School of Agriculture, the Ontario federation of agriculture, the Hydro Electric Power Commission, the Ontario Veterinary College and so on; there are some 18 or 20 different men whose work is in this research field and who come together periodically to review what is being done in that field, and what work is being carried out in that field by the various agencies.

The third purpose of the council is the establishment of grants in aid to encourage industry to combine to solve problems affecting an industry, and which operates somewhat in the manner of the research organizations to which the Minister of Trade and Commerce (Mr. Howe) referred when he spoke of such bodies in Great Britain, though on a smaller scale.

Only two of these projects have been undertaken in Ontario. One is a forest research project at Heron Bay, Ontario, where the Ontario Paper Company Limited and the Abitibi Power and Paper Company Limited are co-operating in a silvicultural program with the provincial government. The other one is in the field of air and water pollution in the Sarnia area where five companies are co-operating with the research council in a study which is under the direction of the council's committee on industrial waste. Here I must emphasize again that this advisory group is a voluntary organization of men who may be described as leaders in our industrial life, particularly in its scientific aspects.

The fourth project which they considered to be essential was that of making known the information which is being accumulated by scientists and researchers, particularly to the smaller industries. It is astonishing to note how much of the industry of this country is carried on by smaller groups which employ 50 men or less. In fact 94 per cent of the industries in Ontario employ 50 persons or less and account for 30 per cent of the province's production. That may not pertain throughout Canada but it does indicate that these smaller industries are in the greatest need of information to guard against obsolescence and backwardness in the industrial struggle, because they are not always aware of what is available for them.

I know that on a national scale there is a great accumulation of information and the Ontario agency, in co-operation with the national research council and its technical branch, have established an information service whose sole duty it is to provide information to these smaller industries so that the best use is made of what is known. It is astonishing how much useful information is already available to these industries which could be put to use and profit in cutting down the cost of production if it were only realized and made available.

Now, Mr. Speaker, we have only to apply this excursion into what was done in Ontario to our own situation throughout the dominion. The example I have given demonstrates the effort made by a legislature to see that the best use is made of its research dollars, and I think we should ask ourselves some questions along these lines when we come to deal with the expenditure of $105 million, which is not the entire budget, and

in the expenditures which are being made in other fields in order to see that we are getting the best value, whether there is any overlapping in research, whether there is any waste, and whether there are any gaps to be filled.

It seems to me that that is the area with which parliamentary inquiry should periodically concern itself. I appreciate that the amendment has been ruled out of order and I am speaking in more general terms, but I do suggest that this parliament would be well advised to review periodically what is being done with these research dollars to see that the best value is being obtained. We should ask ourselves whether the national research council as at presently constituted is the right body to co-ordinate the work being done by the various agencies. We should also bear in mind that the national research council is spending $16 million out of $105 million and is therefore by no means the only agency engaged in research which is responsible to this parliament. We should also ask ourselves whether it is the right body to advise parliament as to its over-all needs and expenditures for research.

I suggest that the members of this house should be sure that we are making the most of our research brains and agencies. Let us be sure that there are no duplications. Let us be sure what more there is that can be done. A review such as I have suggested would give assurance to the members of this house that they are making the best use of the money which is voted for research purposes. As I have said, this research plays a vital part in the future of this country if it is not only to maintain the position it has but to remain in the forefront of industrial nations.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Before the question is put, Mr. Speaker, I think there are several remarks I might be able to make which would perhaps sum up the interesting and useful debate that we have had on the second reading of this bill. First of all I should like to thank the hon. members who have taken part in this debate for the interest they have shown in the important matter of research and for the contributions they have made by their comments. The speeches we have heard indicate not only the importance to this country of research but also the opinion held by many hon. members of this house with respect to that importance and the need for parliament to discharge, with care and attention, its responsibilities in connection with research.

I thought that the speeches of the hon. member for Rosetown-Biggar (Mr. Coldwell) and of the hon. member for St. Paul's (Mr. Michener) who has just taken his seat were particularly constructive and helpful. The hon. member for St. Paul's gave an interesting description of some of the work of the Ontario research council. It is true that a number of the provinces have followed the lead given in the wider federal sphere by the national research council and have themselves organized research foundations or councils which have done important and helpful work.

I should remind hon. members that starting tomorrow the national research council here in Ottawa is holding open house. During this open house the facilities of the council will be open to the public for three days. Members of parliament are particularly invited to come tomorrow afternoon for the opening of the open house and to get what might be called a preview before the general public are invited. I hope that many members will be able to avail themselves of this opportunity. Any who are not able to come along tomorrow afternoon will be more than welcome during the concluding three days of the week when they can come at any time they wish.

In summing up the debate, Mr. Speaker, I feel that I should refer at some length to the speech made in this debate on Tuesday, May 11, by the hon. member for Lambton West (Mr. Murphy). The hon. member for Lambton West has shown a great interest in the general over-all question of research and we listened to his speech with considerable interest. The hon. member had placed a resolution on the order paper at the beginning of the session and in his speech he made reference to it. Because of the particular wording of the reference, I think one remark should be made about it. At page 4628 of *Hansard* of May 11, the hon. member said:

> The restriction on time allotted for consideration of private members' resolutions effectively excluded the opportunity for parliament to consider this important question.

As the hon. member saw fit to use those words, I think it should be put on record that, in fact, his resolution—and it was an important one—in the ordinary course of the procedure of this house was called for discussion on December 7 but it was, at the request of the mover, allowed to stand and therefore was not debated on that day. Unfortunately it went to the foot of the order paper and was not reached again.

Several hon. members have made suggestions with respect to a parliamentary committee to consider the broad question of research and also to consider the operations of

the national research council. I for one did not think that this suggestion, at the time it was made, was a practical one for this session. However, in the past we have had extremely useful committees on matters of this kind. Several sessions ago there was set up a committee specifically on the national research council. In recent years we have had two separate committees which studied the specific fields of research and atomic energy and I think they did extremely useful and worth-while work. I can see no objection to the possibility of there being a parliamentary committee at the next session or at some future session of this parliament if hon. members feel that it would be a constructive and worth-while committee to have, keeping in mind the other business with which parliament must deal.

The hon. member for Lambton West in his speech made a number of general remarks on the importance of research and the care with which we should look into our activities in research. But taken as a whole and eliminating the matters of general interest and that sort of thing, I think his speech comes down to, first, the suggestion that there should be a committee, to which I have referred and, second, a list of questions which he felt should be answered. I think it was the intent of his speech to suggest that they were questions of a kind that a parliamentary committee should answer and should report upon to the house. These questions are found at page 4630 of *Hansard* of May 11. The first one is as follows:

> Are we doing enough in the way of research in this country, . . .

Then he goes on to elaborate on that basic question. I submit, Mr. Speaker, that the committee could sit for a long time and never come up with a better answer than to say: We never can do enough in research. It could never be said that enough is being done in research. The question rather is this: In all the circumstances how much can we usefully do, and are we spending in the best way possible the money which is provided by parliament for research? But to suggest that a parliamentary committee or any other body would ever come to the conclusion that we are doing enough in the field of research is not, I think, very practical. The second question that the hon. member asked is as follows:

> Are our universities in a position to continue to provide the trained scientific minds and undertake the fundamental research necessary to assure the continued development and productive expansion of this country?

That, Mr. Speaker, is a very basic question, and I think it touches on what is almost a unique feature of the research program

[Mr. Dickey.]

carried out by the national research council in this country and to a more limited extent by some of the bodies set up by provincial governments in connection with research. The extent and the development of the program of scholarships and grants which are provided through the national research council to students who are prepared to enter upon scientific studies and to prepare themselves for work as research scientists are quite extraordinary. I think the best way to give the house an idea of the kind of program that the national research council carries out in this field is to quote a part of the annual report of the council for 1952-53. On page 36 of the report there is the following:

> The awards branch—

That is the awards branch of the national research council.

> —administers scholarships and grants in aid of research awarded annually by the national research council. Scholarships awarded in science and engineering include bursaries, studentships and fellowships which have values of $600, $900 and $1,200 respectively for the academic year, to which a summer supplement of $500 may be added. In addition special scholarships valued at $1,500 per year and post-doctorate overseas fellowships at $2,500 are offered. The council also awards two classes of graduate medical research scholarships which have values of $1,800 to $3,000 for awards involving graduate training, and up to $5,000 for senior awards in advanced research.

Then it goes on to deal with dental research and with post-graduate fellowships and certain important fellowships that are provided out of private funds but are administered by the national research council. This program, as I said, is unique, and it is a program that has been very substantially developed over the last few years. For example, in the fiscal year 1938-39 the total of national research council scholarships and research grants for that year was $81,378. In 1953-54 that total had risen to $1,909,000; in other words, almost $2 million.

This program is being expanded just about as rapidly as the research council can see the possibility of spending this money satisfactorily. In other words, they try to ensure that any promising science student in this country who wishes to follow advanced studies of that kind in order to prepare himself for research or other scientific work is able to do so without difficulty. As has already been said in this debate, the objective of the research council is that no promising science student in this country should have to give up his training because of lack of financial support. It is never possible to say that everything is being done in a field of this kind, but I think that the way in which this program has been developed, the tremendous increase in the annual amounts

expended and the number of young men who have been trained for scientific work in this way is a very great achievement. I can assure hon. members that it is one feature of the council's work that is a source of great pride and satisfaction to the president and members of the council and to all those connected with the council's work.

On that point I was very interested, as I am sure all hon. members were, in the remarks of the hon. member for New Westminster and the hon. member for St. Paul's with respect to the training of scientists in Canada. The program of the national research council is of course intended in the first instance to provide training in Canada wherever that is possible. However, I think it would be unwise, and not the kind of policy that parliament should favour, to exclude training outside this country, if necessary, so that our students can have the benefit of the research facilities and the university and other facilities for study that are available not only in the United States but in England and European countries. The real problem is to get the services of these trained men in Canada when they have completed their training. Everything that is possible is of course done to ensure that they either remain in this country or come back to this country and take jobs either in the government service or in industry.

The third question that the hon. member asked reads as follows:

> Would accelerated efforts in the field of industrial research, resulting in new products, new uses for old products, improved techniques that lower production costs, enhance or help us, an exporting nation in ever-increasingly competitive world markets?

The answer to that is yes, and no parliamentary committee is required to provide the answer. It is obvious that the only answer is the short answer, and it is in the affirmative.

The fourth question he asked reads as follows:

> Are our present fiscal policies, in relation to research expenditures, adequate to induce private industry to undertake the amount of research that should be undertaken . . .

Then he goes on to refer to the activities of government agencies. The point of the question is: Are the fiscal policies of this country properly designed to provide the utmost incentive to private individuals and private enterprise to undertake research projects both in basic research and in specialized research in their own fields? That, I think, is one of the very fundamental questions in this whole problem, and I cannot help feeling that if the hon. member had really gone into the question of what our fiscal policies are and how they compare with the fiscal policies of other countries he would have come to the conclusion that we are doing just about as much as can be done in this field.

The hon. member was good enough to indicate that the interest of the government in this particular feature of research programs dates back at least to the budget speech of the Hon. Charles Dunning, which he quoted and put on *Hansard*. At that time, and up to the budget of 1944, the situation with respect to incentives to industry to make expenditures on research was that current expenditures on research or research facilities were regarded as an element of expense if they could be established as an outlay necessarily incurred for the purpose of earning the income. In other words, if the research expenditure could be shown to be a cost of doing business, then that was a deductible expense and no corporate income tax was chargeable upon it. In so far as capital expenditures were concerned, they were not allowed as deductions and only normal depreciation was permitted.

Now, the result of this was that the cost of laboratories, pilot plants and the like was not exempt and the current expenditures that could not be directly related to earning the firm's income were not deductible. In making his budget speech in this house in 1944, the then minister of finance, the Hon. J. L. Ilsley, said this, as recorded at page 4181 of *Hansard* for June 26, 1944:

> All will agree that Canadian industry must expand its research and technical development if we are to apply the most advanced technical knowledge to our resources, and maintain our competitive position. By all means, let us borrow from whatever is best from other countries, but what we can borrow is not always what we need.

I believe the hon. member will agree that that statement puts into words fairly well what he had in mind in dealing with this subject, the necessity of expanding research and technical development in order to maintain our competitive position. At that time in 1944, Mr. Ilsley and the government were looking forward to the transition from a war to a peacetime economy, and they were considering ways of assisting the expansion of industry. The government brought into effect with that budget what I feel is, by all standards of comparison, the best system of fiscal incentive to industry to undertake research that any country has today.

The present arrangements are that a research project approved by the Minister of National Revenue (Mr. McCann) entitles the company to a deduction of current expenses without limit, that is to say up to 100 per cent of all profit can go into research and can be fully deducted. I do not see how that could be improved. A company can

invest 100 per cent of its earnings in current expenditures on research, and they are fully deductible for income tax purposes.

Mr. Murphy (Lambton West): I wonder whether the hon. member would permit a question?

Mr. Dickey: Yes, certainly.

Mr. Murphy (Lambton West): Perhaps I misunderstand, but is that not subject to approval by a certain committee or organization?

Mr. Dickey: As I said, if the project is approved by the Minister of National Revenue the company is entitled to make these deductions.

Mr. Murphy (Lambton West): Just a moment, Mr. Speaker—

Mr. Dickey: I am going to go ahead and deal with the whole problem. If the hon. member will just possess his soul in patience I think it will be clear. Even if a research project is not approved, the company is permitted to deduct for research expenditures up to 5 per cent of the total income of the company in the previous year. In terms of research expenditures, that represents a generous deduction.

Mr. Murphy (Lambton West): That is taxable income?

Mr. Dickey: Applications for approval of projects, I am informed, are received at the rate of about two per month. According to the memory of officials in the Department of National Revenue who deal with this subject, only two or three applications have ever been refused. The practical situation is, therefore, that almost every application that has been made by a private company or organization to get this 100 per cent deductibility for research expenditures has been approved. The practice is that the Minister of National Revenue consults the national research council with respect to these matters, and makes a decision.

A very important feature of the system is the definition of scientific research. I think I should like to put that on the record. It is:

> . . . any activity in the field of natural or applied science for the extension of knowledge.

This is amplified further on in the regulations as:

> references to scientific research relating to a business or class of business, include any scientific research that may lead to or facilitate an extension of that business, or as the case may be, business of that class.

In other words, that means that while research must be related to the taxpayer's business, it need not necessarily be in the particular line of production in which he is actually engaged at that time. It may be a similar line or a by-product or some line quite different from the main line of production. Any bona fide research program undertaken by a taxpayer in Canada to further the interests of his business is almost certain to receive this approval.

Now, these expenditures may be made for research directly carried out by the taxpayer, or they may be payable to approved bodies that carry out research for the taxpayer, such as research associations undertaking scientific research related to the class of business to which the taxpayer's business belongs, or something of that kind. It may be an approved university, college or similar institution. Now, the capital expenses, as opposed to current expenditures, are on a little different basis. There is no deductibility for the land. All other items of a capital nature that are directly undertaken by or on behalf of the taxpayer, that is buildings, equipment, machinery, whatever might be required, are depreciable at the rate of one-third of the value per year. In other words, those items are completely written off in three years. I would submit to the hon. member and to the house that is a very generous write-off indeed.

How does this situation compare to the situation that exists in other countries? The hon. member was interested in that. I feel the hon. member will agree that the scale of industrial research in the United States is extensive indeed. The situation there is that the internal revenue code of the United States does not contain any special provision dealing with the deduction of expenditures for scientific research. In administering their particular law, however, the bureau of internal revenue recognizes that most manufacturing businesses have experimental, research and developmental departments, and allows the cost of this work as a deductible expense. I am advised the main concern of the bureau appears to be whether any cost in developing a new process should be capitalized, that is regarded as a capital expenditure, and written off over a period of years or should be classed as a current expenditure.

In brief, with respect to current expenditures, the situation in the United States is just about on a par with the situation in this country prior to 1944. It does not appear to be as generous a provision as we now have in Canada. Though scientific research programs do not have to be officially approved any deduction made by a taxpayer has to meet the general test of being a necessary expense of doing business.

That brings us right back to the situation we had in Canada prior to the fiscal provisions made in 1944. Expenditures on scientific research of a capital nature in the United States do not qualify for any quick write-off but would obtain only the depreciation allowance for property of their class used in the general course of the business. That is obviously a very much less generous provision than that provided in this country for capital expenditure.

In the United Kingdom the provisions of the income tax law which allow a deduction for expenditures on scientific research are similar in many respects to those in the Canadian law. Scientific research is defined as:

> Any activities in the fields of natural or applied science for the extension of knowledge.

There is a deduction for expenditure of both a current and capital nature, but the deduction for expenditures of a capital nature must be spread over five years, as compared with three years in Canada. Their law does not have the requirements that the scientific research program must be approved, although it does require that when expenditures are made by scientific research associations, universities and the like, these institutions must be approved. And they have a lengthy definition which ties the expenditure down to research related to the trade in question. This is regarded as quite a bit more restrictive than the situation here in Canada.

In his speech the hon. member for Lambton West referred to provisions made in a recent budget brought down in the British parliament on April 6. He referred to a special 20 per cent write-off for research expenditures. I was interested in that, as it seemed to indicate a change in the situation as I had understood it. With that in mind I looked up the parliamentary debates of the House of Commons at Westminster, volume 526, No. 90, and I believe that portion of the budget speech to which the hon. member had reference is to be found at page 225, where the Hon. Mr. Butler said:

> In general, the field over which the new investment allowance will operate will be the same as that of the initial allowance, which applies to plant and machinery generally and to new industrial buildings and mining works.

Looking further, I find that this is not a deduction specifically for research purposes. It is a special allowance made over the broad field of industrial expansion for new plant, new industrial buildings, and new undertakings of that kind. They are eligible for this 20 per cent allowance, whether or not they are connected with research. It is true that if they are connected with research, they may qualify; but it is not a program that is intended specifically to encourage research. It is a program that is intended rather to encourage the expansion of business over the general field.

That, I think, deals in some detail with what I believe was the main theme of the hon. member's speech. He went on to ask questions about whether we are doing enough agricultural and medical research. Well, I think the answer to that is exactly the same as the answer to his first question. It can never be said we are doing enough. The question is: Are we doing the best we can in all the circumstances, and with the facilities available?

Then he asked how the situation compares between the United States, the United Kingdom and Canada. The Minister of Trade and Commerce (Mr. Howe) put some figures on record in this debate on May 11, when he dealt with that subject. I am not going to tire the house by repeating the figures, but I would state briefly that the figures of expenditures on an absolute basis, on the basis of per capita expenditure, and also on the basis of expenditures as related to national income and gross national product, show that Canada has been expanding research, and particularly government research, in a manner that is very creditable indeed, as compared with either the United States or the United Kingdom.

I do not suggest for one moment that we are doing everything that could possibly be done; but I do suggest the general program compares favourably with programs under way in the two countries I have mentioned. The hon. member referred particularly to arrangements being made in the United States and the United Kingdom for special committees or advisory councils. The fact is that for many years neither of those countries found it necessary or thought it advisable to have any organization of the nature of the national research council, which we have had for a long period of time.

We think the job the national research council has done has been pretty effective and pretty worth while for Canada. I do not doubt that the types of organizations selected in the United States and the United Kingdom will be designed to meet the problems with which they are confronted. But I do submit to you, Mr. Speaker, that the performance we have had from the national research council indicates that we have followed a pretty clear and pretty worth-while path in that regard.

Then the hon. member asked a final question, which amounted to his wondering whether the national research council is doing enough: Is its work sufficient? Well, that again is a question to which no one can

give a categorical answer. I think the hon. member will agree that the reputation of the national research council in scientific circles, not only in this country and in the United States, but throughout the world, is very high indeed. Names of many men connected with the national research council, and the work they have done, are known everywhere. Perhaps the most recent and most outstanding honour that has come to this organization, or anybody connected with it, was the awarding of the Kelvin medal to Dr. Mackenzie. That is an accolade that is an honour, not only to the distinguished man who received it but to the organization in which he has worked and which he has headed so effectively for many years.

He would be the last to suggest I am sure that the national research council has done everything possible. I am sure every scientist realizes, perhaps better than hon. members in the House of Commons, the tremendous extent of knowledge as yet undiscovered, and the magnitude of the problem with which research men are faced. Having that knowledge, they realize even better than we do that no one can say, "Well, the organization is doing enough".

We come again to the basic question: Are we doing the best we can, in all the circumstances, and with the facilities available? I believe there is very little more I can add, except to say in conclusion that the national research council does cordially invite members of the House of Commons to come to their open-house tomorrow, and if not then to come later in the week.

In his speech the hon. member for Lambton West used an expression that I thought was quite extraordinary. As reported at page 4632 of *Hansard*, referring to the development of Canada, and what he termed a new phase in Canadian history, he said:

> We are beginning to grow up in spite of ourselves.

Now, that may be the considered opinion of the hon. member. It is not my opinion, and I hope it is not the opinion that is shared very widely in this house and in the country. I do not believe this country has grown in spite of itself, in any sense of the word; but it has grown because of what has been done in this country in many, many fields, and not the least of these fields is the field of research. The circumstances of our development in Canada have meant that a very large proportion of our research has to be done by government, not only the federal government but by other governments. Happily the extent to which private initiative and private interests are making contributions to research is growing every day. I think that the kind of climate that this government has created in this country, both over the whole sphere of the economic life of the country and also in the measures that have been taken to try to make it possible for companies to undertake research, has been largely responsible for the scale of our progress.

It has taken hard work and an intelligent approach to problems and a willingness by governments, by individuals and by private enterprise to search and to find the best path towards our continued and sound progress, but that has in large measure been done. I hope that we have built well on the foundation that was provided for us by our ancestors, and I hope that our children and our children's children will not consider that we have grown up in spite of ourselves.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to make a few observations, prompted partly by what the last speaker has said and partly by what the hon. member for St. Paul's (Mr. Michener) said. We owe a duty to the hon. member for Lambton West (Mr. Murphy) for introducing the amendment he did, even though it had the fate that amendments sometimes have of not passing the scrutiny of Your Honour. There are other worthy amendments that lie in the same scrap heap, so that we need not sympathize too much with this particular amendment.

We have had a speech at length by the senior member for Halifax (Mr. Dickey) answering many of the questions which were asked by the hon. member for Lambton West. I found the hon. member's speech interesting. I was surprised that he picked up so emphatically the phrase, which seemed to me a very ordinary one, used by the hon. member for Lambton West when he said "in spite of ourselves." I would point out to the senior member for Halifax that he did not say "in spite of the government". He just said "in spite of ourselves". I think it is just part of the natural modesty which we on this side of the house try to cultivate. I do not think there is more than that in it.

As I say, I was interested in the speech of the senior member for Halifax who said many interesting things. I was, however, surprised that he emphasized so much "the tremendous increase in the annual amounts expended". He would have been wiser to dwell wholly on the results achieved.

One of the reasons why I think it is a good thing that this amendment was moved is that it has prevented the debate on this bill being just a mere competition in adulation. It would be a very queer person who would not wish to give great credit to the national research council for all it has done. It just so happens

that the officials have been very kind to me this week, and I have them particularly in mind.

It is interesting to look back to the constituting act of 1924 and to find how exclusively at that time it appears to have been directed to immediate utilitarian objectives, but as time has gone on and as we read the last report we realize how far the institute has gone in its operations. Because of the extent of the operations it almost makes one dizzy as one reads the report. We begin with the science laboratories; we go on to the division of pure chemistry, then the division of applied chemistry and on to physics, and so on. I am ashamed to say that there are many words here I do not even know the meaning of. I think, however, there is a danger which is always inherent in an organization which is to some extent in a position of isolation and which is presided over by a man of immense driving energy and who likes to see things done and likes to play a big part in doing them. There is always a question as to whether it goes on accumulating, growing, without any really critical view being brought to bear on it. I say "critical view". I think it is extremely difficult for a committee composed merely of members of parliament to bring an informed criticism to bear on the work of the research council because it is so highly scientific. We admire so much what it is doing that we really hesitate to become anything but a mutual admiration society, and yet that is bad.

There is a great danger that when people get to the top of an organization of this kind they naturally want it to grow. I remember when I was in business my chief saying to me once after a small new department had been founded: "Remember, Jim, you have got a new king now and he will want to have as many subjects as possible". I think that is true in all kinds of relations in life. Therefore I feel that if the result of this debate shows that, we shall be more determined to have a committee which will be able to collect opinions from various people across Canada. The people, for example, that I think would be worth consulting are the heads of provincial research institutes, selected university people, selected manufacturing people and others who can bring to the work of the institute an informed criticism.

When I say "criticism" I mean it only in the sense of trying to assess what has been done, so much of which we know is good. Certainly, I do not know anything that is not good; but I still feel that it would be very desirable if next year—it is too late this year—there could be a committee which, by getting the opinions of other experts, would try to come to an informed view as to whether there is a danger of this excellent institution getting the bit in its teeth and running away with it.

Let me say again, Mr. Speaker, that the farthest thing from my mind is criticism. I am sure the council has done and will do great things. All I am suggesting is that in some way the members of this house should put themselves in a position whereby, if it is suggested to them that the council, so to speak, has the bit in its teeth and is running away with it, we can say that is not so because the views of people who are competent to express them have been heard and we are satisfied with the conditions.

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I rise to take part in this discussion on the assistance for promotion of scientific or industrial research. As the hon. member for Greenwood (Mr. Macdonnell) has indicated, it was interesting to note that the parliamentary assistant agreed with the hon. member for Lambton West (Mr. Murphy) that some time before too long we should have a committee set up to go into this question of research. I would be interested to know if that question of research is something that has to be looked after immediately. The minister himself indicated that it was not a static thing but something that has got to be promoted and continue to be promoted.

No doubt most hon. members who have given this matter any thought will be in agreement. Research is not only one of the greatest factors in moulding our lives, but within the sphere of research rests the well-being of practically every phase of our economy, as well as the future of this great country of ours. We have been particularly and abundantly blessed with practically all the elements known to man and all the impetus possible should be given so that these elements of the field, the forest, the mines, and waters within and around us can be studied by our scientists. The benefit of that study should be passed on to every phase of our economy. It is a field that is as old as man himself. Today we are living in the reality envisioned by the poet who saw "the heavens fill with commerce, argosies of magic sails".

In the *Globe and Mail* of Monday, March 22, there appeared an article bearing the headline: "V-2 Man Says Atom Progress Means War Impossible Soon." I will read part of the extract. It states:

> The man who invented Germany's V-2 rocket said today he thinks atomic research will make war impossible within the next 12 months.

Professor Hermann Oberth said that by then it will be possible to reach any point on the globe within 45 minutes with atomic rocket.

This means that in the case of war all big cities of the enemy can be destroyed within two or three hours. I definitely believe that then no minister will decide himself for a war because he would sign his own death sentence at the same time.

So, by this means, the latter part of that great poem which ends like this:

There the common sense of most shall hold a fretful realm in awe,
And the kindly earth shall slumber, lapt in universal law—

—may come true.

During this session of parliament and during the debates which have taken place we have heard a great deal about the depressed economic conditions of certain sections of our industries. I feel that some small measure of relief can be found for these industries through the field of research, and I would suggest that in many of our industrial fields we could, through the medium of research, definitely establish a more pronounced Canadian trend in the field of textiles, for example, rather than bask in and profit by the ideas promoted, particularly by our neighbours to the south.

I find that in my own business as regards women's apparel, American fabrics are not selected particularly on account of their more reasonable price but rather because of their distinctive patterns and novelty materials. Some phases of our textile industry are recognizing that fact, and I would like to quote in this connection a news item which appeared in the March issue of a Canadian magazine called *Canadian Business* which carries a story entitled "Salesmanship plus New Products" with a subtitle "A formula for textiles?". That article carries the story of the Bruck brothers who are running one of the largest synthetic fibre mills in Canada. They heard of milium being developed in the United States and they went over to the United States and attempted to get the rights in order to sell that product in Canada. But the American firm which controlled it did not want to give the rights to the Canadian firm because they thought they could promote it in Canada. But the Bruck brothers came back to Canada and through the medium of research developed thermalon and went out and sold it. They made such a wonderful job of it that the people from the states were glad to give them milium.

However, every textile mill has not the capital which the Brucks had for carrying out this type of research activity and they should therefore be given encouragement by the government in that respect. As the hon. member for St. Paul's (Mr. Michener) intimated, it is not every organization or manufacturing firm that is large enough to have these facilities, but there are a tremendous number of small factories and firms in this country employing people which are a definite part of the economy of this country. Some phases of our textile industry are recognizing that fact.

In this connection I would like to quote from a news item which appeared in the March 3 edition of *Style* which is a women's wear newspaper issued to the trade. This article carries the heading "Nova Scotian Tartan Will Hit Market Soon" and the item states:

There is something new under the sun . . . it's Nova Scotia Tartan.

This should provide good news for manufacturers and retailers alike, especially those who keep an eye on the tourist trade.

I am not going to read the entire article but it goes on to conclude with this:

Already many inquiries have been received about the tartan . . . who will be manufacturing it and when it will be available in any marketable quantity. All these questions will be answered when the copyright and registration have gone through.

Tourists will soon, it is hoped, get their first introduction to the new tartan when they cross the Nova Scotian border and behold the Scottish piper blowing the bagpipes to the accompanying swirl of Nova Scotia tartan kilt.

From the same paper I have taken another small item entitled "Canadian Ideas". The article states:

Better still, who not try to create—and we mean create—some truly Canadian fashions, based on Canadian ideas, history and folklore?

The same thing might hold true on the question of housing about which we have heard so much, and to which I think one of the main objections was that even though down payments have been reduced the price of the houses available is still too high for the average wage earner. I feel that through the medium of research a house could be evolved that would make it possible for the ordinary man to have his own house.

In my own experience as chairman of our district high school board, I know that we were confronted with the problem of building a new high school. The provincial department of education set a maximum of $300,000 as the completed cost of our new school. When we first approached the subject we found that schools were costing approximately $14 a square foot. This would mean that the type of school we wanted completed would be around $385,000 which was out of our reach. However, we went into this matter seriously and found that a new school was being built in Mount Forest at a cost of a little over $9 a square foot. This firm of architects, through the medium of considerable prefabrication and other money

saving devices, was able to prove to us that the school we required could be built for $300,000. That school is now in process of being completed and is already being used to a certain extent.

I therefore feel that through the medium of research we in Canada could do as they are doing in so many other countries of the world. In this connection I would like to quote from an article which appeared in the *Journal* of Thursday, February 20, under the heading of "Prefabricated Housing". The article states:

I. F. Fogh, logging development engineer of the Canadian International Paper Company, Montreal, gave a revealing picture of prefabricated housing in Sweden based on a visit to Sweden, Finland, Norway and Denmark last summer.

He then goes into considerable detail in describing the type of modern house being built over there and goes on:

The saving to the purchaser compared with a similar house built to the same standards by conventional methods was estimated by Mr. Fogh at about $3,000 plus about two months' time.

This development is the result of the efforts of one of Sweden's large combines of water power, iron ore and forest products which was faced with the problem of providing adequate yet economical housing facilities for its workers.

In this connection there is a suggestion I would like to make to the government even though my observation has been that the government apparently sees no good in suggestions coming from this side of the house. My suggestion is one which was urged upon me by the fact that we are paying a large sum of money to an architectural firm in New York for plans for the new national film board building in Montreal. I maintain that as this question has been under discussion for so long and the need for this new building has been realized for so many years, the Department of Public Works should have had the foresight to appoint a team made up of architects, technicians, engineers, draftsmen and so on to study this question. I realize that as this is a specialized type of building, it requires specialists in this field to create it, and I maintain that had this plan been followed we in Canada would have had the benefit of this advanced training for this and any other similar types of buildings that may have to be built in the future. I maintain that this suggestion could hold good for many other departments of the government which, through the medium of long-term planning and research, would have available the men to carry out major projects of this type as they arise.

But how are we going to keep pace, Mr. Speaker? How are we going to ensure the future of Canada in order that she may continue to take her place among the greatest nations of the world? I think it is through the immediate assistance and promotion of scientific and industrial research in Canada. But, Mr. Speaker, how are we going to ensure that this great realm of research will have available men with the brains, the courage and the fortitude to carry on the work of our great scientists of today? In this connection I should like to read from page 181 of the Massey report a paragraph which deals with this question:

79. The conclusion presented to us, then, is that the great need is for first-class men to give leadership and inspiration through their own brilliant, original discoveries. The future depends not only on the continued liberality of governmental agencies but on the number and quality of the men induced to work at research. The greatest need is to discover and train these men and then to make sure that they are provided with research facilities and opportunities to enable them to render the services of which they are capable.

I think a group of young people in my riding have come up with one of the answers. I should like to read a resolution that was passed by one of our high school student bodies. It was passed by the student council, Fergus district high school, at their regular meeting on Monday, February 8, 1954, and reads as follows:

That, as possible future recipients of the scholarships and rewards, this council, on behalf of all students in the Fergus district high school, urge the dominion government to organize a committee to bring about the immediate awarding of the scholarships recommended by the Massey report.

At this time I should like to pay a tribute to young high school students who will give serious consideration to a problem which is as old as the world, namely that of the child who through no fault of his own is unable to pursue learning to the extent for which he is fitted by natural abilities. No doubt many hon. members can recall friends of their youth who showed remarkable promise but who on account of their particular status in life were unable to continue at school. Thus Canada was the loser.

In that connection there appeared in the *Globe and Mail* of March 29 an article entitled "Extending Pure Research" and which speaks about research in the United States. It reads in part as follows:

President Eisenhower has directed the National Science Foundation, an official U.S. government body, to survey the government's research and development program. The stated purposes are to speed the attainment of federal research goals, to stimulate basic research, ascertain possible economies and to propose methods which would safeguard the strength and independence of educational institutions.

I have here some figures from the Massey report as compiled by a committee on education of the Canadian Manufacturers Association and published in February, 1950. This

report emphasized the fact that out of 100 Canadian children attending school, only 22 finished high school, only 3 graduated from college and that 54 per cent of those who dropped out did so for economic reasons.

In 1946 the Ontario department of education discovered that only 7 per cent of the young people who had completed their primary and high school education had registered at a university. To us the disturbing thing is not the percentage but the fact that there is no assurance that this 7 per cent comprises the best qualified students. From page 362 of the Massey report on arts, letters and sciences I quote the proposals—as indicated by the resolution I have received—made by that very wide and comprehensive study:

16. We are proposing that the present scheme with which the federal and provincial governments are familiar, and which is operating satisfactorily, be enlarged. As for the number of undergraduates who should thus be aided, we do not think it appropriate to suggest a precise figure, although it is our view that as far as may be possible young persons who have the necessary ability and diligence should receive reasonable assistance to enable them to become more useful citizens.

Paragraph 17 lists the scholarships to be given to these undergraduates. Rather than take up the time of the house by reading it, I would ask the permission of the house that these be incorporated in *Hansard* of today.

Mr. Deputy Speaker: Has the hon. member unanimous consent to have these paragraphs incorporated in *Hansard*?

Some hon. Members: Agreed.

Mr. Howe (Wellington-Huron): Paragraph 17 reads in part as follows:

17. The following plan has been proposed to us and is respectfully suggested for the guidance of the government and of the agencies which may be charged with the administration of these scholarships:

1. 100 annual scholarships of $1,000, tenable for four years, to be known as Canada scholarships. These scholarships are intended to confer not only a valuable award but considerable prestige upon students of outstanding ability and exceptional promise. These scholarships at least, in our judgment, should be granted only after personal interviews.

2. 250 national scholarships annually of $500, to be tenable for four years. These are intended for distinguished and promising students.

3. 2,000 bursaries of $500 a year tenable for four years, for able and diligent students on the basis of need.

4. A loan fund open to all students whose work is acceptable to the authorities of their universities.

It was interesting to note from the minister's speech how many scholarships are being given by the national research council and it was interesting to note that in the estimates of the national research council they have suggested an increase in the allowances from $448,500 last year to $563,000 this year. However, these scholarships are only for a few of those students who have completed their university training and are in the form of fellowships and doctors' degrees for advanced studies. I feel that this is a move in the right direction, but I think that the government of Canada, in co-operation with the provincial governments, should go further and should put into force the recommendations that I have mentioned in order that we may be assured that our own Canadian research will have the benefit of all the brains and ingenuity to be found among the youth of our country. The Canadians who will inherit this country, the ones who will have the responsibility of guiding this young giant which is now awakening from its slumbers, are sitting in the classrooms of the schools today. It is our duty and responsibility to help them contribute to the Canada of tomorrow.

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to make a contribution to the discussion of this extremely important matter that is before the house at the present time. I say it is important because it is recognized today by everyone in responsible positions that research is absolutely necessary if modern nations are going to maintain their position among the nations of the world. Ever since the western world applied the scientific method in the solution of its problems it has been possible for the researchers of the western world to carry on almost indefinitely, in terms of physical progress, by means of the art of invention.

Actually with the advent of the scientific method man invented the art of invention. In the physical sciences we of course have some outstanding examples of what this has meant in terms of development in the field of materialistic progress. For instance, the most recent and perhaps the most outstanding example of what can be accomplished as a result of the discovery of the art of invention is the successful completion of what has become known as the Manhattan project. A group of scientists banded together in order to meet the challenges arising from world war II, and by pooling their own knowledge in the field of physics and bringing together the vast amount of knowledge that had been accumulating from the nineteenth century onwards they were able to complete successfully the construction of the atomic bomb. That, I think, demonstrates very dramatically the potentialities, particularly in the physical sciences, that are inherent in the field of organized and co-ordinated research.

It seems that in Canada, as in the other western nations, the emphasis in research has been placed upon the development of the arts of war. In looking at the record of our own national research council we find that it came into existence in the year 1917 largely as the result of the pressing demands that had arisen from Canada's participation in world war I. Since that time the national research council has made definite strides in Canada, and in my opinion its greatest work, as I read the record, has been as a co-ordinating body bringing together various research projects under way in Canada.

These projects largely fall within four fields. First of all there are the projects undertaken by the federal government. Second, there are the projects undertaken by provincial governments. Closely connected with the activities of provincial governments in the field of research are the provincial universities and private provincial educational institutions. Finally we have the very excellent work that is being undertaken by private industry. Today private industry spends a good deal of its time and resources in seeking new areas of activity and new methods of production, endeavouring to increase its efficiency by applying scientific ideas to the field of research.

I should like to support the hon. member for Lambton West (Mr. Murphy) in his submission that there is room for the expansion of research activities in Canada, particularly in areas other than those concerned with the development of the arts of war. Canada is engaged in tremendous activities so far as the arts of war are concerned. The atomic energy project at Chalk River is commanding a good deal of our attention. The new demands of warfare in the Arctic climate are also receiving considerable attention from Canadian researchers. These activities are very necessary and essential to our national defence.

However, I think that we might well give consideration to greater promotion of the arts of peace and the field of domestic research. In this connection I should like to refer to the activities of our provincial governments. Through the provincial agricultural colleges they are largely responsible for agricultural research. In my own province of Manitoba there has been much discussion in recent years about the fact that the faculty of agriculture of the University of Manitoba has not devoted too much attention to fundamental research. Actually the only original research being carried out in the field of agriculture in that province, and also in the other prairie provinces, is being done through our experimental farm services. It seems to me that the faculties of agriculture of the respective universities are in an ideal position to tackle the agricultural problems peculiar to their own provinces. I believe some attention should be given by the federal government to encouraging in every way possible the promotion of essential research, particularly in the prairie provinces which are so dependent upon the well-being of the agricultural industry.

While governments, both provincial and federal, are making their contribution together with industry to the field of original research, I believe fundamental research is essentially a function of the universities. From time immemorial, even before the advent of the application of the scientific method to the field of creative thought, our universities have been the custodians of new ideas and creative thought and activity. Our universities, along with the other agencies responsible for carrying on research, have devoted much of their attention to physical research. Indeed, there is an excellent plan of research assistance under federal government sponsorship by means of which the various university faculties are tied into research projects. That applies particularly in the fields of physics, chemistry, electronics and so on, areas which again are essential to the defence of Canada.

I do not have the details on the matter, but I wonder whether the same amount of assistance is being given to university faculties, which are so well equipped to carry on research, as is being given to research projects operating directly under government sponsorship. For example, how would the grant per researcher to one of our Canadian universities compare with the grant per researcher to some scientist directly engaged in the atomic energy project at Chalk River? I would venture to say that the grant to a university scientist would be somewhat smaller than that to the scientist operating at the Chalk River project. I wonder also just how the grant per university for research work compares on a proportionate basis to the funds that are being supplied to carry on the project at Chalk River?

The universities with their highly qualified staff, most of whom have become experts in their respective fields as a result of long years of study in Canada and abroad, are merely waiting for the opportunity to expand their activities in the field of creative research. Not only are there members of the faculty who are qualified, but also the universities are responsible for the experts who, in turn, will carry on creative research activity of the future in the research projects

that are being undertaken under government sponsorship. We find that the faculty members depend substantially for assistance on their graduate students, particularly those proceeding to the Ph.D. level. Because of the fact they have these graduate students available to participate in research projects, these projects can be carried on with a minimum of expense. The greater the support, the better prepared these graduate students are to carry on further work when they pass beyond the confines of the university and go out to carve out their own careers in their chosen field of activity.

This, of course, applies to the realm of the physical sciences especially in Canada. Perhaps even more so than in countries such as the United Kingdom and the United States, we have restricted our research activities largely to the realm of the physical sciences. There is, for example, no body operating in the social science field that compares to the national research council of Canada. There is a voluntary organization that calls itself the social science research council, but it is not incorporated directly into the activities of the national research council.

I would suggest, Mr. Speaker, that if there is room for further development in the physical sciences to deal with the urgent problems that face us, there is definitely a more challenging area of activity open to study and investigation in the field of the social sciences. It is true that the social sciences are comparatively new. Various social sciences, so far as universities are concerned, are relatively new scientific disciplines. Some of them, such as sociology, have not as yet established themselves as a scientific discipline. Even economics, which is often referred to as the dismal science, has its severe critics when it is viewed from the standpoint of a scientific discipline. Notwithstanding all this, Mr. Speaker, I feel that this government, as well as the other agencies who have the necessary skills and resources to promote research activity, would be well advised to give closer attention to the necessity of carrying on their research in the social science field.

Actually the political scientist comes under the classification of a social scientist. We who participate in the activities of the house are well aware that there is a wide area of investigation that we have not even touched so far as endeavouring to rationalize what takes place here, and in the whole democratic processes for that matter. Certainly if we cannot meet the challenge in the field of human relationships, which is the area of interest that the social science concerns itself with, there is not much hope that all the research we are doing in the physical sciences, particularly in the arts of war, will be of any value to Canada or to any other nation.

In speaking to this very important topic, Mr. Speaker, I would definitely support the hon. member for Lambton West who has made such a comprehensive statement on the board aspects of the subject, particularly in reference to the need for further development in the physical sciences. At the same time, I should like also to suggest in the strongest terms possible that the time has come when this government, through its various departments and agencies, might consider the possibility of giving closer support to the various social science faculties operating in our universities in Canada. This would enable them to pursue with greater enthusiasm the work to be undertaken in this field, and also be in a position to expand. As we view the situation, I believe we are forced to the conclusion that Canadian universities are merely on the fringe of the research that is necessary if we are going to solve the very pressing human problems that confront us in this twentieth century.

Mr. Speaker, I should like to call it ten o'clock.

Some hon. Members: Go ahead.

Mr. Dinsdale: I understand we are sitting until eleven o'clock this evening. I did not know of the arrangement because I was in the committee on veterans affairs. I think I have covered the field I had intended to emphasize in my remarks, other than to give one or two details concerning the problem I have stressed, namely the lack of social science research.

There are two outstanding universities in Canada that have made remarkable contributions to this field. The University of Toronto has moved forward very rapidly in the field of social science research. Its efforts are largely sponsored and supported by a voluntary organization known as the social science research council.

The University of Laval, too, in the province of Quebec, has an excellent reputation in this regard. I know from my contact with the University of Toronto that their work is inhibited because of a lack of funds; and it is only because of the persistence of such outstanding men in the field of social science as the late Professor Harold Innis that they have accomplished as much as they actually have accomplished.

The University of Laval, too, has its great names associated with outstanding work being conducted there. Then, out in the west, our social science faculties are just in the early stages of development. The work that

has been most outstanding in our western universities has been that in the field of history. Historic research is only now getting under way in Canada. There is a rich field of history that has not yet been touched, and still remains to be explored. In the University of Manitoba, under Professor Morton, several excellent studies have been completed. But, there again, it is merely touching the fringe of the need. If this government could see its way clear to establish research scholarships in the field of historic research, research in economics, in sociology, in political science and in the other related social scientific fields I am sure such expenditures would more than be repaid in terms of betterment of conditions in Canada, through a knowledge of the past and a deeper understanding and realization of the human problems of the future.

With these remarks I would conclude by re-emphasizing that we take into consideration not only the necessity for research in the physical sciences, but also that we cast our sights on the much more important field, the very urgent necessity for giving consideration to problems of human relations, a field which is essentially one of investigation in the social sciences.

Motion agreed to, bill read the second time, considered in committee and reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Green: Next sitting.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we will take third readings; then the second reading of the Public Service Superannuation Act, which will then go to the committee on banking and commerce. We will then take the committee stage of the act respecting banks and banking; the Bank of Canada Act, and the act respecting savings banks in the province of Quebec; and the second reading of the bill to amend certain acts respecting the superannuation of government employees transferred to crown corporations.

Mr. Fulton: When will you take the mounted police act?

Mr. Harris: If that is reached before six o'clock we will take budget resolutions.

Mr. Knowles: What about going into supply?

It being seven minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, May 26, 1954

The house met at 2.30 p.m.

QUESTIONS

VETERANS LAND ACT ADVANCES, SASKATCHEWAN

Mr. Studer:

What were the total advances in Saskatchewan under the Veterans' Land Act since its inception?

Mr. Bennett: Return at March 31, 1954: $36,103,552.43.

NOTE—Of this amount, $543,452 was disbursed by citizenship and immigration in connection with grants to Indian veterans.

WEEKLY NEWSPAPERS ASSOCIATION—C.B.C.

Mr. Thatcher:

1. Has the Canadian Broadcasting Corporation provided entertainment for any meeting of the Canadian Weekly Newspapers Association in the calendar years 1952 or 1953?
2. If so, what was the nature of such entertainment and its cost?
3. How many employees of the Canadian Broadcasting Corporation attended the annual meeting of the C.W.N.A. in the years 1952 and 1953?
4. What was the total expense of such employees attending each of these meetings?

Mr. McCann:

1. Entertainment was not provided by the Canadian Broadcasting Corporation for the purpose of performance at any Canadian Weekly Newspapers Association meeting in 1952 or 1953, but regular broadcast programs were originated from the dinners at the annual meetings of the association in these years.

2. See answer to No. 1.

3. One in 1952 and one in 1953.

4. $224.34.

C.B.C. TELEVISION, VANCOUVER

Mr. Thatcher:

1. What was the total cost of the Canadian Broadcasting Corporation's television installation in Vancouver, including building, transmitter, tower, ground system and studio equipment?
2. Were tenders called for this installation?
3. If so, was more than one received?
4. On what basis was the tender or tenders awarded?
5. Who drew up the specifications for buildings and equipment?
6. Were these specifications checked or revised by any outside source or authority?

Mr. McCann:

1. Expenditures paid to April 30, 1954, amounted to $819,000.

2. Yes.

3. Yes.

4. On the basis of the lowest tender meeting the corporation's specifications and requirements.

5. The corporation's architects and engineers.

6. The antenna tower was designed by supplier and this design and footing design were referred to two separate firms of consulting engineers.

HISTORIC SITES AND MONUMENTS—TEMISCOUATA COUNTY

Mr. Pouliot:

Will the historic sites and monuments board, this year, place commemorative plaques at the Ecole Supérieure Mgr-Taché, Rivière-du-Loup; at the birthplace of the late the Right Hon. Ernest Lapointe, former minister of justice, at St. Eloi, county of Temiscouata; at the summer residence that was occupied for fifty years, at Pointe de la Rivière-du-Loup, by the late the Hon. L. A. Taschereau, who was premier of the province of Quebec for fifteen years?

Mr. Lesage:

A tablet commemorating Monseigneur Tache has already been erected at Riviere-du-Loup. The question of placing a second tablet to Monseigneur Tache at Riviere-du-Loup, at the Ecole Superieure Mgr. Tache is being referred to the historic sites and monuments board of Canada for recommendation, at its meeting in Ottawa next month.

No representations have been received respecting either the birthplace of the late Right Hon. Ernest Lapointe, at St. Eloi, county of Temiscouata, or the summer residence of the late Hon. L. A. Taschereau at Pointe de la Riviere-du-Loup. As the matter has now been raised by the present question, the desirability of erecting tablets at these places will also be referred to the board for recommendation at its next meeting.

Motions for Papers

QUESTIONS PASSED AS ORDERS FOR RETURNS

MUTUAL AID

Mr. Hansell:

What countries of Europe and Asia received aid under the mutual aid act of 1943, and how much did each receive during each year since and including 1943?

FLAX

Mr. Hansell:

1. What was the total production of flax in bushels, during each of the last five years?
2. What was the total amount of this flax processed in Canada for each of these years?
3. What was the total amount exported, and to what countries in each of these years?
4. Was any subsidy paid on the production, or the processing of flax during these years, and if so, how much?

DEATHS FROM HEART DISEASE, ETC.

Mr. Campbell:

1. What grants, by provinces, have been made by the federal government for heart research?
2. What were the total number of deaths in Canada in 1953 from heart diseases of various kinds, and hardening of the arteries?
3. What were the number of deaths from cancer, t.b. and violent accidents in 1953?

MOTIONS FOR PAPERS

TELEVISION APPLICATION, HULL, QUE.

Mr. Gagnon:

For a copy of all correspondence exchanged between the Department of Transport or any agency under that department and the CKCH Hull Broadcasting Company Limited and the Canadian Marconi Corporation, in connection with a project for the installation of a television station for the Hull-Ottawa district.

Mr. Langlois (Gaspe): Mr. Speaker, owing to the absence of the minister on official business, I would ask the hon. member to agree to allow this motion to stand.

Mr. Gagnon: Agreed.

Mr. Speaker: Stand.

IRRIGATION—SOUTH SASKATCHEWAN PROJECT

Mr. Diefenbaker:

For a copy of all letters and telegrams that have passed between the government of Saskatchewan and the federal government, since the 1st day of March, 1954, regarding the South Saskatchewan river dam and irrigation project.

Mr. Gardiner: Mr. Speaker, there will not be any objection to any letters that have passed in the period between the 1st of March and a time not very far distant being brought down in the house. There is only one letter, and there are two very short telegrams. The position at the moment is that I am in the midst of discussing with the premier the facts contained in the letter itself.

[Mr. Lesage.]

We have no objection to bringing it down but we must discuss it further with the Saskatchewan government before doing so. Then we will be able to bring it down in due course.

Mr. Speaker: This motion is carried subject to the remarks made by the minister.

KOREAN RELIEF

Mr. Knowles:

For a copy of all communications received by the government, or by any minister or department thereof, from or on behalf of groups or organizations, dated since January 1, 1952, urging that Canada make gifts of wheat or of other Canadian products to help meet relief needs in Korea, or seeking information as to the possibility of such gifts being made or their scope being extended, together with a copy of the replies to all such communications.

Mr. Pickersgill: I wonder whether my hon. friend would be satisfied to have samples. I am informed that several departments have received great masses of communications in identical terms. The copying of them would probably take a great deal longer than we hope this session will last, and I do not think it would be very profitable to anyone.

Mr. Knowles: I will accept samples if they are well chosen.

Mr. Pickersgill: They will be.

Mr. Knowles: I mean that from my point of view and not from the point of view of the government. I would hope they would include letters written in reply by the Secretary of State for External Affairs.

Mr. Speaker: Carried.

Mr. Knowles: Before we leave this order I wonder whether I might ask the Secretary of State if the return just passed might indicate the number of such letters received?

Mr. Pickersgill: I would be glad to see that it does.

ANTLER, SASK., POST OFFICE

Mr. McCullough (Moose Mountain):

For a copy of all letters, telegrams, memoranda and other documents exchanged between any person or persons and the Post Office Department, since August 10, 1953, concerning the post office at Antler, Saskatchewan.

TRADE

SPAIN—STATEMENT ON AGREEMENT

On the orders of the day:

Mr. L. T. Stick (Trinity-Conception): In the absence of the Minister of Trade and Commerce, I wish to ask the Secretary of State for External Affairs the following question:

What progress has been made in the recent negotiations for the sale of salt codfish to Spain and Portugal?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. gentleman was kind enough to give notice of this question yesterday. I am now in a position to give a fuller reply than I would have been at that time. A Canadian delegation headed by the deputy minister of trade and commerce has been in Spain for some time carrying on trade negotiations with Spanish officials. My colleague the Minister of Public Works (Mr. Winters) recently went to Spain to conclude the final phases of these negotiations with the Spanish government, and to sign the resulting agreement on behalf of the Canadian government.

I am pleased to inform the house, Mr. Speaker, that an agreement has now been reached with the Spanish government. This agreement is the first direct trade agreement between Canada and Spain. It will be signed today in Madrid by my colleague, Mr. Winters, and His Excellency Martin Artajo, Spanish Minister of Foreign Affairs, and will come into force provisionally on July 1 of this year.

The new agreement provides for the exchange of most-favoured-nation treatment with respect to customs duties and related matters. Both countries undertake not to impose discriminatory import or exchange restrictions, except for balance of payments reasons. Such restrictions must not discriminate between dollar countries. As part of the agreement, the Spanish government has undertaken to make available import licences and dollar exchange for minimum annual imports from dollar countries of 2,000 metric tons of dry salted codfish. This arrangement will improve and stabilize sales of Canadian salted cod in our traditional Spanish market.

Canada has accorded the following tariff concessions to Spain: the binding of free entry on olives from Spain as from July 1. Formerly, olives were subject to a duty of 17·5 per cent ad valorem. We have agreed to reduce the duty on edible olive oil from 7·5 per cent to 5 per cent and to eliminate the one cent per pound duty on almonds. We are also making a small reduction in the duty on paprika. As mentioned earlier, these tariff concessions become effective July 1, 1954.

Mr. Donald M. Fleming (Eglinton): May I ask the minister if he is in a position to make the text of this agreement available for distribution amongst members?

Mr. Pearson: I would have been glad to table this text. However, I have only one copy and it has to be translated, so it could be tabled tomorrow. I could table the one copy now, in English, with the permission of the house.

Mr. Fleming: May I suggest that the same practice be followed in this case as was followed with the Japanese trade treaty, namely that it might be printed as an appendix to today's *Votes and Proceedings* for the use of members. May I also ask the minister if the treaty makes any provision for the purchase by Spain of Canadian wheat?

Mr. Pearson: I shall be glad to have the agreement appear, as suggested by my hon. friend, in *Votes and Proceedings*. The details will then be available to the house. There is no specific provision in the agreement covering wheat.

[*Later:*]

Mr. Speaker: I noticed that the Secretary of State for External Affairs sent a copy of the trade treaty with Spain to the table. I did not ask the house if it agreed to revert to motions at this time so that this treaty could be tabled. I should like to point out that perhaps we might consider this problem. This copy of the trade agreement that has been tabled will have to be translated by our own personnel. When the minister tables the copy in French, translated by his officials, there might be some discrepancies. Perhaps we might wait until tomorrow when the copies in English and in French, issued by the minister's department, are ready, and they could be tabled at the same time, as has been the practice in the past. In this way, we would be sure that the copies in English and in French were issued from the one source and were official translations, the one of the other. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Therefore I take it the minister will table both documents tomorrow.

ADMINISTRATION OF JUSTICE

PETER BALCOMBE—DISTURBANCE OUTSIDE UNITED COUNTIES JAIL

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Justice. Has the attention of the minister been drawn to the report in yesterday's Ottawa *Journal* to the effect that a crowd of citizens, estimated to have exceeded 500 in number, gathered within the sight of,

and less than 100 feet away from, the gallows in the United Counties jail where Peter Balcombe was hanged, and conducted themselves in a semi-riotous and hoodlum-like manner?

Some hon. Members: Question, question.

Mr. Winch: Will the minister inform the house as to whether, in view of this unfortunate incident, he has in mind any changes in regulations that will prevent a recurrence of such an incident?

Mr. Speaker: Order. I think we ought to at least know what the question is. The preamble was much too long. Would the hon. member be kind enough to repeat the question the minister is supposed to answer?

Mr. Winch: Just the last part, Mr. Speaker?

Mr. Speaker: That is the only part the hon. member should have given in the first place.

Mr. Winch: Will the minister inform the house as to whether, in view of this unfortunate incident, he has in mind any changes in regulations that will prevent a recurrence of such an incident?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for having given me notice of these questions. The answer to the first question is yes. With regard to the second question, the answer is that arrangements for the execution of the sentence of death are made by provincial authorities, to whose attention I shall draw the question my hon. friend has just asked.

BUTTER

EXPORT OF SURPLUS AT LESS THAN MARKET PRICE

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): In view of the enormous surplus of butter that is being offered to the trade at 2·5 cents less than the going market price, will the Minister of Agriculture state whether or not it is the intention of the government to export surplus butter at less than the market price or at the same price as it is put into the Canadian trade?

Right Hon. J. G. Gardiner (Minister of Agriculture): I would not agree with the preamble to the question, that there is an enormous surplus of butter.

Mr. Rowe: Thirty-three million pounds.

Mr. Gardiner: Even that is not enormous. There are not 33 million pounds of that butter now.

Mr. Rowe: There were yesterday.

Mr. Gardiner: No, there were not yesterday. It is down by about 4 million from that point.

[Mr. Winch.]

Mr. Rowe: It is still 20 million up, though.

Mr. Gardiner: It is in the 20's, somewhere, but even that is not what I would term an enormous amount, so I do not accept that statement as being correct. There has never been any announcement made here by me or by any member of the government that all that butter is going to be offered at any particular price. We have offered some of it for sale day by day at 55·5 cents to the trade within Canada, but there has been no arrangement made to sell any of it outside of Canada up to now. If an offer from outside is made for the butter, that will be considered on its merits.

Mr. Rowe: May I ask a supplementary question? Is 55·5 cents per pound not 2·5 cents less than the government paid for it?

Mr. Gardiner: Well, in some cases that might not be a correct statement. We started buying butter at 58 cents last spring, and the costs of carrying it through until this spring are added on to the cost to the government. The two and a half cents is approximately the cost of taking the butter out of the boxes, and putting it into prints and in a position to put it back on the market. I do not know what the difference between the two prices is. I would not like to say it is two and a half cents.

Mr. Rowe: It is more like five, then.

Mr. J. H. Ferguson (Simcoe North): I should like to ask the minister a question. Will that butter deteriorate to the extent that it is not fit for use after it is kept a certain period of time in storage?

Mr. Gardiner: I am told the experience is that it will remain practically the same as fresh butter for eighteen months.

Mr. Ferguson: A supplementary question; has any of this butter been kept more than eighteen months?

Mr. Gardiner: There has been butter—not this particular butter—but there has been butter kept that long.

Mr. Ferguson: Then, may I ask the Prime Minister (Mr. St. Laurent) a question. Could not this butter that might be kept for a period of eighteen months be shipped, without charge, to the starving people in one particular part of the world, namely South Korea, as a gift from the taxpayers and the people of Canada who are enjoying prosperity in this country? Rather than have it destroyed, could we not ship it as a gift.

Mr. Speaker: Orders of the day.

[*Later:*]

Mr. Ferguson: May I have a reply from the Prime Minister?

Mr. Speaker: The hon. member has asked what the government will do if a certain condition prevails in a certain number of months. Why not wait until several months have elapsed, and then ask the government what will be done with the butter in question?

Mr. Ferguson: We already have waited, and it is being thrown away.

Mr. Speaker: Let us not debate the matter at this time. Orders of the day.

POLIOMYELITIS

DISTRIBUTION OF VACCINE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Acting Minister of National Health and Welfare. In view of the report that 10,000 units of polio vaccine will be made available in Alberta this summer, will arrangements be made for a similar quantity of this vaccine to be made available in other areas where there were epidemics last year, notably in Manitoba and Saskatchewan?

Hon. Brooke Claxton (Acting Minister of National Health and Welfare): I shall call the hon. member's question to the attention of the minister.

LIVESTOCK

REPORTED UNSATISFACTORY CONDITION OF HORSES IN LUMBER CAMPS

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, I should like to ask a question of the Minister of Northern Affairs and National Resources arising out of a recent press release which stated that many horses in lumber camps are in poor condition. The report goes on to state that out of 77 horses examined—

Mr. Speaker: Order. Would the hon. member be kind enough to put his question.

Mr. Howe (Wellington-Huron): I should like to ask what is being done to prevent a recurrence of the practice of abusing horses in lumber camps.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): I do not know of any lumber camps which come under the jurisdiction of my department, but I shall look into the matter. I do not know what the hon. member is referring to.

Mr. Knowles: Ask the Minister of National Defence.

Some hon. Members: Oh, oh.

Canadian National Railways

CANADIAN NATIONAL RAILWAYS

ST. FELICIEN AND HILLSPORT LINES—PROVISION FOR FINANCING

Hon. Stuart S. Garson (for the Minister of Transport) moved the third reading of Bill No. 442, respecting the construction of lines of railway by Canadian National Railway Company from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge lake, both in the province of Ontario.

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

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, I move, seconded by the hon. member for Lapointe (Mr. Girard):

That Bill No. 442 be not now read a third time, but that it be referred back to the committee of the whole house, for the purpose of reconsidering clause 1, dealing with the construction and completion of the proposed lines of railway.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment (Mr. Gagnon) which was negatived on the following division:

YEAS

Messrs:

Balcer	Low
Bell	Macdonnell
Bennett, Miss (Halton)	McGregor
Blackmore	Mitchell (London)
Blair	Monteith
Cardiff	Montgomery
Charlton	Murphy (Lambton West)
Churchill	Nesbitt
Diefenbaker	Patterson
Dufresne	Pearkes
Ferguson	Perron
Fleming	Poulin
Fraser (Peterborough)	Quelch
Fulton	Robinson (Bruce)
Gagnon	Rowe
Girard	Shaw
Green	Stanton
Hees	Trainor
Holowach	Tustin
Howe (Wellington-Huron)	White (Hastings-Frontenac)
Johnston (Bow River)	White (Middlesex East)
Leboe	Yuill—45.
Lennard	

NAYS

Messrs:

Abbott	Bennett (Grey North)
Anderson	Blanchette
Applewhaite	Boisvert
Argue	Bonnier
Arsenault	Boucher (Restigouche-Madawaska)
Ashbourne	Bourget
Balcom	Breton
Benidickson	

Brisson	Lafontaine
Brown (Brantford)	Langlois (Berthier-Maskinongé-Delanaudiere)
Brown (Essex West)	Langlois (Gaspé)
Bryson	Lapointe
Buchanan	Leduc (Gatineau)
Byrne	Leduc (Jacques Cartier-Lasalle)
Cameron (Nanaimo)	Leduc (Verdun)
Campbell	Lesage
Campney	MacDougall
Cannon	MacEachen
Cardin	MacInnis
Caron	MacKenzie
Carter	MacNaught
Castleden	McCann
Cauchon	McCubbin
Claxton	McIvor
Coldwell	McWilliam
Conacher	Massé
Cote	Matheson
Crestohl	Mitchell (Sudbury)
Croll	Murphy (Westmorland)
Deschatelets	Nicholson
Deslières	Nixon
Dumas	Noseworthy
Ellis	Pearson
Enfield	Philpott
Follwell	Picard
Forgie	Pickersgill
Fraser (St. John's East)	Power (Quebec South)
Gardiner	Power (St. John's West)
Garland	Proudfoot
Garson	Prudham
Gauthier (Nickel Belt)	Regier
Gauthier (Portneuf)	Reinke
Gingues	Roberge
Gourd (Chapleau)	Robichaud
Gregg	Robinson (Simcoe East)
Habel	Rochefort
Harris	Ross
Harrison	Schneider
Healy	Simmons
Hellyer	Sinclair
Henry	Stewart (Winnipeg North)
Hollingworth	Stick
Hosking	Stuart (Charlotte)
Huffman	Thibault
James	Tucker
Johnson (Kindersley)	Viau
Jones	Villeneuve
Jutras	Weir
Kirk (Antigonish-Guysborough)	White (Waterloo South)
Kirk (Shelburne-Yarmouth-Clare)	Winch—121.
Knight	
Knowles	

Mr. Goode: Mr. Speaker, because of the absence of the hon. member for Medicine Hat (Mr. Wylie), I did not vote.

Mr. St. Laurent: Because of the absence of the Leader of the Opposition (Mr. Drew), I did not vote.

Mr. Speaker: Is the house agreeing to the main motion?

Motion agreed to and bill read the third time and passed.

RESEARCH COUNCIL ACT

AMENDMENTS TO ENABLE COUNCIL TO ACQUIRE FUNDS, ETC.

Right Hon. L. S. St. Laurent (for the Minister of Trade and Commerce) moved the third reading of Bill No. 375, to amend the Research Council Act.

[Mr. Speaker.]

Mr. Speaker: Is the motion agreed to?

Mr. George H. Hees (Broadview): Mr. Speaker, I intend to take up about five minutes and no more of the time of the house on this bill. I believe that only by a vastly expanded program of industrial research can we hope to retain those domestic and export markets which are slipping through our fingers every day.

The fact that unemployment today is nearly double what it was a year ago is no mere chance. It is due to the fact that Canadian products are being steadily undersold by products being produced in other countries and which are being generally accepted by the Canadian buying public.

The astonishing part of all this is that what we have experienced so far is as nothing compared with what we will experience when Japan and Germany really get into their stride.

Now, what are we going to do about this? We have got to get costs down so that our products can be competitive with those they are competing with from other countries. How are we going to do it? There is one way, and this is by a greatly expanded research program aimed at two things. One is to develop new and better products with which to compete with these other countries and, secondly, to develop new, better and more efficient methods of producing the products we already produce.

The way to get a program like this started is to set up a committee of parliament on which would be included representatives of labour, management and educational institutions. Such a committee could study and discuss the best means of getting a program such as this under way, and obtaining the best results from it.

Such committees are not new. They have been proved to be a tremendous success in Great Britain and the United States, and there is no reason at all why such a committee would not be just as successful here in Canada. I am sorry, as I am sure most Canadians are, to see that the government has not already set up such a committee following the suggestion made by the hon. member for Lambton West (Mr. Murphy) last fall. Much valuable time has already been lost.

One of the reasons Canadian products are being steadily undersold by products from Great Britain and the United States is simply the fact that tremendous and continuous programs of industrial research are carried on in those countries. I believe that industry in this country has been unnecessarily handicapped by the unwillingness of the government to take any action so far in this regard.

Because the government has refused to take action and take this first step toward helping industry to get its costs down, this government must take the responsibility for the fact that Canadian products are continuing to be undersold; that we are losing markets day by day; and that unemployment, compared with a year ago, is steadily increasing in this country.

A glint of hope was given last night by the parliamentary assistant when he intimated that the government might be willing to accept the idea of setting up a committee of this kind. I hope that that is the view of the government, that the government has changed its mind, and that the government has at long last decided to accept the excellent suggestion put forward by the hon. member for Lambton West last fall, and that by the beginning of next session we will see a committee on research set up and under way.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker—

Mr. Speaker: Now that the hon. member for Oxford is following the hon. member for Broadview (Mr. Hees), I might point out that when I put the motion for third reading and the hon. member for Broadview rose and said he would speak for only about five minutes I thought I would be lenient and allow him to make remarks of a general nature and even go into the question of a committee which had already been dealt with. Now I am very sorry for the leniency I have accorded the hon. member for Broadview. I see the hon. member for Oxford rise in his place and I want to tell hon. members now that I am in full agreement with the hon. member for St. Paul's (Mr. Michener) when he said yesterday that this was merely a formal amending bill. If by virtue of the wide statement made by the minister who sponsored this bill on second reading we had a rather wide debate I do not propose to allow the same latitude on the third reading. Discussion on the third reading will have to confine itself to the bill which, as I have said, is merely a formal amending bill, and if hon. members intend to repeat the debate which we had and which was wide in scope on second reading I must inform them now that I am not prepared to give the same latitude on third reading.

Mr. Nesbitt: Mr. Speaker, in view of your remarks I think possibly I may forgo the remarks I proposed to make which were of a somewhat general nature and purported to demonstrate the value which agriculture could derive from the institution of a research program. However, in view of Your Honour's ruling I think it would be wise to forgo the remarks I had intended making.

Motion agreed to and bill read the third time and passed.

PUBLIC SERVICE SUPERANNUATION ACT

AMENDMENT TO PROVIDE PAYMENT OF DEATH BENEFITS UP TO MAXIMUM OF $5,000

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 463, an act to amend the Public Service Superannuation Act.

He said: Mr. Speaker, the purpose of this bill is to supplement or round out the pension benefits provided under the Public Service Superannuation Act and the Defence Services Pension Act by adding to them a scheme of contributory death benefits.

It covers all public service employees who are contributing or who have completed their contributions under the superannuation act and all members of the regular armed forces.

The amount of the death benefit, in the case of public service employees, will be the employee's annual salary adjusted upward where necessary to make it an even multiple of $250, but with a top limit of $5,000. In the case of the armed forces the amounts will be an even $3,000 for persons below the rank of chief petty officer in the navy and equivalent ranks in the army and air force, and $5,000 for all others.

The rate of contribution by all those covered will be 10 cents a month for each $250 of benefit, that is, the rate will be 40 cents per $1,000 per month.

The government, of course, takes full responsibility for this measure, but I should like to say that the general outlines of these proposals were referred confidentially to the national joint council of the public service of Canada. The national joint council made a number of suggestions, most of which have been incorporated in the bill. I would not wish to imply that every member of the national joint council agrees with every detail of the bill, but I can inform the house that the national joint council has endorsed the broad outlines of the plan as a whole. I should also like to record my appreciation of the constructive assistance given by the national joint council in formulating this plan.

Yesterday on the resolution stage the hon. member for Esquimalt-Saanich (Mr. Pearkes) asked whether the armed forces had been consulted in connection with this plan. The plan was formulated for the public service in the first instance and representatives of the armed forces then asked to be given a chance

to participate in the plan. Thereafter all the commands in Canada and abroad were asked for an expression of opinion of a good cross-section of all units under each command as to whether members of the armed forces should participate in a compulsory plan of this nature. Most were in favour of so doing. As regards the Royal Canadian Mounted Police, to which the hon. member for Esquimalt-Saanich also directed his attention, I might say that they are not covered because they already have a group insurance plan of their own in force.

Participation in this added benefit will be obligatory upon all those covered by the superannuation act and upon all members of the regular armed forces. This compulsory feature of the plan is one which is bound to give rise to some individual objections. It has been included by the government only after very careful consideration and with the benefit of the advice of the national joint council.

The plan itself arose in part out of the review which was being conducted as to possible amendments to the Civil Service Insurance Act and in part out of the request of the national joint council and other bodies, for a group plan to provide benefits such as the one being introduced. The remarkably low rate of contribution is made possible only by the fact that this is a compulsory scheme and that those in good health as well as those in poor health are included. In addition to substantially higher rates of contribution, a voluntary scheme would have involved much greater administrative costs. As time went on, larger numbers of those who had not wanted to be under the plan in the first place would wish to participate as their family responsibilities increased or health deteriorated. If these persons were to be included there would have had to be the complicated addition of varying rates of contribution and medical examinations in all fairness to regular participants.

This plan is primarily designed to provide funds which will be readily available to pay the inevitable expenses arising out of or consequential upon the last illness and death of a contributor. The contributions are designed to cover the benefits under the plan on a month-to-month basis. I would not expect any large surpluses to be built up, and there is provision for an actuarial review within five years at which time, if the results warrant it, the rates would be adjusted upward or downward to keep the scheme in financial balance.

While to the younger civil servant or member of the forces who has no dependents now, and who has no present intention of remaining permanently in the public service, the compulsory feature may seem to be unattractive, it will be possible to remain a participant under the plan by electing to do so upon retirement or withdrawal from the public service provided he has had a minimum of five years of service substantially without interruption immediately prior to that time. In that event, of course, it will be necessary for the individual to keep up the regular payment of contributions which will be higher than those paid while in the service because no government contribution will be payable in respect of those who have retired before they were eligible to receive an immediate annuity under the Public Service Superannuation Act or the Defence Services Pension Act.

The government contribution will take the form of the payment of one-sixth of the benefits of those who die while in the service or who had qualified for an immediate annuity upon retirement. This will replace the present gratuity of two months' salary on death which the government has been paying under section 56 of the Civil Service Act. In the case of those civil servants who are not covered by this scheme, the two months' gratuity on death will still be available under the same conditions as before. A similar basis of contribution will apply in the case of the armed forces, replacing the present interim allowance payable for two months following death of a married member of the forces. Interest will be payable on any balance to the credit of the accounts which are to be set up for those in the public service and those in the armed forces. Assuming normal mortality experience, there should be no net increase in government expenditures as a result of the introduction of this scheme.

One further general point: It will be clear from a reading of this bill that it is not intended to provide for the normal life insurance requirements of individuals. It provides only a reasonable and moderate death benefit of a kind commonly made available to employees by a growing number of large private employers. Public servants, like all other citizens, will continue to make their own provision for their own individual life insurance requirements in accordance with their individual needs and circumstances.

Turning now to some of the details of the plan, I might mention that the amount of the benefit will be subject to reduction of one-tenth of the nominal maximum for that participant for each year that the participant's age exceeds 60. This is subject, however, to an over-all minimum of one-sixth of the salary while the person is still employed. A person who elects to contribute after retirement will be subject to the same reduction

so that there will be no benefit available once that person is 70. In the case of members of the armed forces their earlier retirement age will mean that no reduction would normally apply until after retirement.

In conclusion, I should recall the statement which the Prime Minister (Mr. St. Laurent) made in the House of Commons on April 30, when he announced that this legislation was to be introduced. He indicated that the government proposed to discontinue the issuance of new individual contracts under the Civil Service Insurance Act. Later that day I issued a statement to the effect that no new contracts of insurance under the Civil Service Insurance Act would be issued unless the medical examination was begun prior to May 1, 1954. This bill contains a section to implement this policy. This step has been taken on the grounds that it is not usual for an employer to provide individual policies for his employees and that the introduction of this new plan of supplementary death benefits provides the best means of meeting the minimum financial needs on the death of an employee over and above the indirect protection given by other legislation. All policies issued under the Civil Service Insurance Act will, of course, remain in full force and effect.

As my parliamentary assistant indicated at the resolution stage, since this bill has a number of technical aspects I believe it can best be considered in detail in the banking and commerce committee; and unless there is serious objections to such procedure I would move that it be referred to that committee at the conclusion of the debate on second reading. Officers of my department and, no doubt, officers of the civil service associations will be available to discuss the bill there.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, this bill has come before us in such a manner as to suggest that it is really almost a routine matter which can go through without anyone bothering much about it, but it seems to me that there is much more to it than that. It was only on Monday that the Governor General's assent was indicated. Yesterday we had the resolution stage and it was originally proposed that we should have second reading yesterday, but that suggestion was not pressed when we asked for further time for consideration. Actually hon. members received this bill only this morning. As I say, it is a measure of some length and of some considerable importance.

The first thing that strikes one about it is the title, namely "An act to amend the Public Service Superannuation Act". Actually it has nothing to do with superannuation or pension. Indeed it seems to me that it could much more properly have been called an act to amend or indeed to replace the Civil Service Insurance Act of 1893, which was subsequently amended in 1914 and in 1920. I do not wish to make a great point about the title except to say I feel that there is something not quite natural about bringing in these measures and just tacking them on as a schedule to the Public Service Superannuation Act.

Actually it is not clear what the principle of this bill is. Is it the principle to force civil servants to come in and insure themselves? I understand that under the provisions of the present Civil Service Insurance Act only some 13,000 are insured. If you consider that figure and consider the situation if this bill becomes law—it will automatically affect, I suppose, some hundreds of thousands of people —the question of compulsion looms rather large.

The other question that arises is one that has already been raised: Is this really a step forward into the insurance business by the government of Canada? As I said a moment ago, it seems to me that what this bill really does is to replace the Civil Service Insurance Act and that it has nothing to do with superannuation. The Civil Service Insurance Act was a voluntary measure. As I said, some 13,000 people were insured under it. While I have noted what the minister said about consultations had with representatives of the service, both military and civil, nevertheless there are those who have been looking after their own insurance, who have been ordering their own affairs and who do not welcome this interference in their lives.

These and other questions, it seems to me, might well be gone into by the banking and commerce committee; and I welcome the fact that the bill is to be referred to that committee. Nevertheless, for the reasons I have given, until we have a good deal more information as to some of the details and really until we have a chance of finding out what the principle of this bill really is, it seems to me that we should not be asked now to approve second reading. I therefore move, seconded by the hon. member for Dufferin-Simcoe (Mr. Rowe):

That this bill be not now read a second time but that the subject matter thereof be referred to the committee on banking and commerce.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it was my intention to say a few words with respect to the motion for second reading. Perhaps I can combine what I intended to say on the main motion with a few words I should like to say concerning the amendment moved by the hon. member for Greenwood (Mr. Macdonnell).

Obviously the purpose of the amendment, to put it at its minimum terms, is to avoid a vote on the principle of the bill at this stage. I imagine that really the hon. member for Greenwood is against the principle of the bill but maybe he would say I was pressing his amendment too far if I interpreted it in that way. Perhaps the best way to find out where he and his party stand on the principle of the bill would be to have a vote on the main motion as well.

In any case, in view of the support for this measure which I indicated when it was at the resolution stage yesterday I may say that we support the bill now that we have it, and therefore we are opposed to the amendment which would have the effect of negating the principle of the bill. An amendment of this type is a well known device which we often employ ourselves when there is a measure before the house to which we are opposed, but since we are in favour of this measure we shall vote against the amendment that the bill be not now read the second time but that the subject matter thereof be referred to a committee.

As I indicated yesterday, Mr. Speaker, we welcome the measure. I realize that the minister must know that he has very effectively proven the point which we have tried to make for a long time, namely, that life insurance can be provided at a much lower cost than is the case in this country at the present time.

Mr. Ferguson: May I ask my hon. friend a question? Where do you get your figures for such an assertion? Produce them.

Mr. Knowles: I would be very glad—

Mr. Ferguson: Give us the answer to that.

Mr. Knowles:—if the hon. member for Simcoe North (Mr. Ferguson) would give the name of any company in Canada that will sell term insurance of this kind at $5 or $6 a year per thousand, which is what is being offered to federal civil servants under this measure.

Mr. Ferguson: He is asking me a question, Mr. Speaker. I would say that almost any company would if you would exempt them from taxation and give them the financial aid that the government obtains from so many sources. They would make a lot of money.

Mr. Knowles: They could also sell it a lot cheaper if they were not out to make a profit.

Mr. Ferguson: Why don't you give up your indemnity?

Mr. Speaker: Order.

[Mr. Knowles.]

Mr. Knowles: The plain fact is that things you can obtain at cost are a lot cheaper than when the profit element has to be included. I am not surprised that my hon. friends of the Progressive Conservative party are annoyed and offended at this intrusion into—

Mr. Ferguson: Private enterprise.

Mr. Knowles: Into private enterprise—that is right.

Mr. Ferguson: That is right.

Mr. Knowles: Into a very profitable portion of private enterprise, namely, the life insurance business.

Mr. Ferguson: We do not want to kill the goose that lays the golden egg for your people.

Mr. Speaker: Order.

Mr. Knowles: As I indicated yesterday, the effect of this measure is to make it possible for federal civil servants and members of the armed forces, all those who are contributors to or participants in any public service superannuation plan, to purchase for themselves term insurance in the amount of their annual salary with a ceiling of $5,000. The rate to be paid by the participant or insured civil servant is to be 40 cents per thousand per month or $4.80 per thousand per year. We recognize that $4.80 per thousand per year does not pay the whole cost of this insurance because about one-sixth of the amount will be paid by the government at the death of a member of this plan.

The minister has made it very clear that the measure does not involve any additional expense to the government at this time. It does not involve any increase in cost to the taxpayer because the one-sixth takes the place of the two months' salary gratuity now being paid when civil servants die while in the employ of the government. Therefore there is no increase in the cost to the taxpayer so far as this plan is concerned. I mention that because I recognize the fact that the total cost of providing this protection, including the amount paid by the civil servant and the amount paid by the government in carrying forward the two months principle, is a little more than $4.80. To be on the safe side, I will say that it may go as high as $6 per thousand.

That, anyone will have to admit, is very cheap term insurance and it is being made available without any loss for about $6 per thousand. It is mighty good to know now that it can be done. When we have said that it could be done there were those who argued that we were indulging in theory. I give the hon. member for Simcoe North, the hon. member for Greenwood and others of their

party credit for telling us what is really in their minds today. What they do not like about this measure is that it interferes with a very profitable sector of private enterprise.

Mr. Ferguson: That is not so. That remark is far away from the truth, and you know it is.

Mr. Knowles: Mr. Speaker—

Mr. Ferguson: That is not so. That is not our motive at all, and you know it.

Mr. Speaker: Order. May I ask the hon. member for Simcoe North not to interrupt the member who has the floor.

Mr. Knowles: I am quite prepared to let the motive of the hon. member for Simcoe North in opposing this measure rest on what he himself said a few moments ago when I first started to speak. The Minister of Finance (Mr. Abbott) wants it to be understood that this measure is not to take the place of the normal life insurance requirements of civil servants. The inference is that the average civil servant might like to have additional protection, and I am sure we all agree with and understand that position, although the amount provided under this bill is more than many Canadians are able to purchase. But I think the point is surely quite clear that if it is possible to provide this much insurance by way of protection at a cost of approximately $6 per thousand, an even higher amount of protection could be afforded at that same cost.

Similarly, if it is now established that when you put it on an over-all compulsory universal basis you can provide protection like this without regard to health, age and so on, surely that proves our point that this principle could be established for our whole population as well as for civil servants. We are glad that the bill is being brought in. It is a good idea that it should go to the banking and commerce committee so that it can be examined carefully, so that some of the ridiculous objections that are being made to it can be answered by the officials of the government, and so that we can have on the record more excellent statements about the value of the insurance principle such as those that were made yesterday by the parliamentary assistant to the Minister of Finance and this afternoon by the Minister of Finance himself. We welcome the bill. We would like to see it go further with respect to civil servants. We would like to see the principle extended to cover all the people of Canada. Because that is our attitude towards this measure we shall vote against the amendment, the purpose of which is to negate the principle of the bill at the second reading stage, and we shall vote for second reading of the bill.

Mr. Ferguson: Mr. Speaker, the insinuation—

Mr. Speaker: Order. The hon. member for Peace River.

Mr. Solon E. Low (Peace River): Mr. Speaker, I will only take a moment so that the hon. member for Simcoe North (Mr. Ferguson) may have a chance to reply to the hon. member for Winnipeg North Centre (Mr. Knowles) if he so desires. I should like to say at this time that I listened carefully yesterday to the discussion that took place on the resolution preceding the introduction of the bill. I listened carefully to what the minister has had to say today, and I cannot escape the feeling that this is a good bill. I would not like to support the amendment, because if I did then I would not have a chance to find out what I want to find out about the bill in committee. I am glad to see that the bill is going to the banking and commerce committee.

Mr. Macdonnell: We want it to go to the committee, you know.

Mr. Knowles: Just the subject matter; not the bill.

Mr. Low: I believe I understand the purpose of the hon. member's amendment. So far as I am concerned, I should like to have the bill as it is presented to the committee for a complete investigation. I am quite certain that when it does go to the banking and commerce committee it will receive a full investigation.

There are a number of things that I am not satisfied with in my own mind, but I shall wait until the matter is before the committee, and I shall ask questions to assure myself on these points.

Mr. Macdonnell: But your hands will be tied.

Mr. Low: I do not think they will be tied. I believe the committee chairman will see to it that we have ample opportunity to examine into every phase of the bill, and to ask questions. Furthermore, I am quite sure the Minister of Finance (Mr. Abbott) will allow any officials it may be necessary for the committee to question to be brought before the committee.

When we have all the information before us about the bill, what it is going to cost the taxpayers of the country, if anything, what principle it may violate or what principle it may introduce here for the first time,

then I shall be in a far better position to say whether or not I can give the whole bill my support. Until then, I am going to reserve the right to take any objection I may want to take. In the meantime, I am supporting the second reading of the bill.

Mr. J. H. Ferguson (Simcoe North): I would say, Mr. Speaker, at least 80 per cent of the members of this house know practically nothing about insurance policies of various types that can be procured from insurance companies. The hon. member for Winnipeg—

Mr. Knowles: Winnipeg North Centre.

Mr. Ferguson: —North Centre—I want to pinpoint you right down to where you come from, said the Conservative party's sole idea was to protect the profitable interests. That is the farthest from our thoughts.

I am supporting the private individual, the one source of energy, efficiency and guidance in proper business management. I cannot see why this government wants to go into the life insurance business, when they can purchase satisfactory protection for all civil servants from a private corporation. Let me assure the hon. member for Winnipeg North Centre that I am in favour of every civil servant purchasing life insurance at the lowest possible cost from the private corporations that have been in the business for years. I believe all civil servants should have reasonable pensions. I believe everybody in the country should have some money to leave to dependents when they die. If such a scheme can be worked out, I will back it. I want the scheme to be placed in the hands of competent people. I cannot see why the government should be extending its departments to handle a business about which they know nothing.

Mr. Knowles: You want it done at a profit.

Mr. Ferguson: We are all entitled to a profit; that is the incentive that creates progress and success, profit sharing. If anyone in this country says he will work for nothing, and does not want the rewards of his efforts, if that occurs in this country we will not stand still, because that is impossible, but we will not be progressing. We will be going back.

Hon. members have only received this bill today. The subject is not a run of the mill thing such as giving civil servants a pension. It is more than that. There is a principle involved. Why should the government be running an insurance company? There is the principle involved of the government taking dictatorial powers to say that a man must take out insurance. This is an interference with civil liberties. The scheme will take

business from concerns that are recognized by the finance minister as competent financial institutions in this country; firms that have purchased millions of dollars of government bonds; firms that are headed by some of the greatest men in this dominion. These corporations are taxpayers. These people have cleared the paths in the insurance business, and now make it possible for almost every man and woman in this country to purchase life insurance at a reasonable figure, with a slight remuneration to those who have done the work.

The principle of this bill has a lot involved in it. Every member of this house should take a copy of the bill to some person who knows a little about the subject and ask, whom does this affect? How badly does it affect them? Why should the government go into the life insurance business? Our party is not against civil servants receiving a pension in any way, shape or form. We are not standing up for any corporation that charges an excessive amount or gouges the civil servant. We want to see that civil servants are protected by private corporations who have proven themselves, beyond the shadow of a doubt, capable of managing matters of this kind. We do not like to see the matter sloughed off, without the attention of the men who have been duly elected to represent their constituents properly on all matters that are brought before this house.

You know what I say is true. The hon. member for Winnipeg North Centre knows practically nothing about insurance. I have spent my life in the business. I can tell from the words he uses that he has not spent any longer in an insurance office than it takes to pay his premiums.

Mr. Speaker: Because sometimes in the heat of debate certain expressions are used, I know the hon. member for Simcoe North (Mr. Ferguson)—

Mr. Ferguson: I retract any expression, Mr. Speaker, that I should not have used in this case.

Mr. Alistair Stewart (Winnipeg North): We were not going to take any objection to what the hon. member for Simcoe North said because he is always most delightful when he is most indignant. He makes the most interesting speeches in the house, and I am sure everybody enjoys them. I am quite sure he has no ulterior motive in whatever he says, but he has also demonstrated a capacity for error which is perhaps not unnatural when one considers the party to which he gives allegiance.

Mr. Ferguson: You see the friendly feelings between us, Mr. Speaker. Oh, how I love them.

Mr. Stewart (Winnipeg North): But, as a matter of fact, the reason for the government going into this insurance project is that it can do it more cheaply than the private insurance companies can.

Mr. Trainor: Would the hon. member prove that point?

Mr. Speaker: Order. If I might be permitted to join in the debate at this time, are we going to have a debate as to the merits of government insurance as compared with private insurance? I think that is merely an offspring of the speech of the hon. member for Winnipeg North Centre (Mr. Knowles), when the matter of private insurance was brought in. The subject really came in by the back door. The hon. member for Winnipeg North Centre was speaking to the bill, and it was as a result of interruptions that he referred to this matter of private enterprise. That is how it slipped into the debate.

If the hon. member for Winnipeg North (Mr. Stewart) is going to offer as the main subject of his speech the virtues of this government plan of insurance, as compared with what could be given under a private enterprise scheme, then I think we are deviating from the principle of the bill. If that debate is to continue we will forget completely the subject matter that should be under discussion, namely a bill to amend the Public Service Superannuation Act. If we continue in this way we will have a protracted debate on the point as to whether this government scheme is better than one which could be provided by private insurance companies.

I am sure the hon. member for Winnipeg North sees my point, and that he will cooperate with the Chair in making certain that he does not go too far afield in discussing the principle of the bill.

Mr. Rowe: On the point of order; if that is your ruling, Mr. Speaker, then most certainly we would abide by it. But, naturally, the very principle in the amendment offered by the government is the principle of the government going into the insurance business.

Mr. Abbott: No, it is not going into the insurance business, at all.

Mr. Rowe: Methinks thou dost protest too much.

Mr. Speaker: Hon. members may advance the argument that the government should have left this field to the private insurance companies and, of course, that would be a proper argument in debate. But I am sure that is not all the argument which could be made as to the principle of this bill. The hon. member for Winnipeg North initiated his remarks by referring directly to what was said by the last speaker. I believe we have heard a full exchange of views between the hon. member for Winnipeg North Centre and the hon. member for Simcoe North (Mr. Ferguson). But, in the process of these interchanges, let us not lose track of the bill; let us discuss the principle of the bill and refrain from any deviation which would lead us into a discussion of a branch of the subject with which we are not concerned now.

Mr. Stewart (Winnipeg North): Mr. Speaker, I am quite convinced that everything you say is correct. I was just indulging in a little innocent jousting with my friend from Simcoe North. However, I notice he has now left the chamber for a moment perhaps in the hope that he can read in *Hansard* what I have to say.

Mr. Ferguson: No, here I am. I would sooner listen.

Some hon. Members: Hear, hear.

Mr. Stewart (Winnipeg North): The hon. member intrigues me with his suggestion that the constitution is being violated and civil liberties endangered in Canada because the government decides to enter into this particular insurance scheme.

Then the hon. member for Winnipeg South (Mr. Trainor) asks me how I can prove that this insurance will be cheaper than that offered by the commercial companies. Well, the answer is obvious. We have as supervising officials in this country a group who, I am told, are not only hard-hearted but flinty-hearted. I refer to those who sit on the treasury board. And I am quite sure treasury board would make certain that they were going to save the taxpayers money through this scheme, rather than throw it away.

I should like to answer the hon. member for Winnipeg South much more fully, as indeed I could; but if I were to do so I would not be following Your Honour's very sound advice offered only a moment ago.

All I wish to say is that the measure is an excellent one, and we would like to see more of it.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I shall take only a moment. I really had not expected that this debate would generate quite so much heat. I do not agree with the point raised by the hon. member for Greenwood (Mr. Macdonnell) that this is not a proper amendment to the superannuation act.

I have given this measure a great deal of my personal consideration. It has been under study for many months, and I am satisfied both that it is a good measure and that the proper place to have it is in the superannuation act. I do not mean that my opinion should prevail necessarily; nevertheless I am convinced that this is so. I do not think anyone has ever accused me of being a socialist. I am convinced that this is not socialization of the life insurance business.

As I said in my opening statement it is intended to provide death benefits, of a relatively small amount, which will take care of the inevitable liabilities which are accumulated in most cases just prior to death.

The superannuation act itself, as the house knows, contains a substantial insurance element. Every superannuation plan which makes provision for a widow or children to receive an annuity after death of an employee or a civil servant, contains an insurance element, in the true sense of the term.

Like my hon. friend from Simcoe North (Mr. Ferguson), I like to think I know something about life insurance. In earlier days I used to earn a fair part of my living by advising life insurance companies how to operate, according to the legal aspects of their business. So that I believe I do know something about life insurance contracts.

Mr. Ferguson: Was that advice given gratis?

Mr. Abbott: Oh, rarely, if ever. As I say, I had to make my living doing it; consequently I had to charge a fair fee for my services.

As I say, every superannuation plan of this kind contains some insurance element, in the strict sense of the term. This is the type of plan which I do not think any insurance company could possibly undertake. It is tied to the superannuation plan. In order to participate, a member must be a contributor to the superannuation account, in the case of civil servants, or to the pension account in the case of members of the regular armed forces.

I have refrained carefully from using the word "insurance" in connection with this matter, because I do not think it is insurance, in the commercial sense of that word. I agree with the remarks made here by some hon. members, that the life insurance companies of this country are providing an excellent type of coverage, and providing it at reasonable costs. So far as this sort of thing is concerned, as I have said this is merely a supplement to our existing superannuation scheme. I think it is a good plan. I think it is one that the majority of civil servants will appreciate.

I cannot agree with the amendment proposed by the hon. member for Greenwood, that the bill be not now read a second time, but that we should refer the subject matter to the banking and commerce committee. The government takes full responsibility for the bill, as I said in my statement, and I shall therefore hope that, in the not too distant future, we may send the bill to the banking and commerce committee where I am sure all the information hon. members may want can be made available.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I do not wish to delay the discussion of the bill unduly. However, I can see that the amendment is not meeting with unanimous approval. I can realize that the Minister of Finance (Mr. Abbott) is anxious to get rid of the bill as quickly as possible, because it does smack a little bit of socialistic trends; and from the support he is receiving from the left it is not surprising that the Minister of Finance blushes.

Mr. Abbott: It is just the suntan I got fishing.

Mr. Rowe: I am glad the minister has time to fish, because we all realize that would not do any harm over the week end, but I would have thought that in his quiet moments of private thinking while he was fishing, unless the fish were biting better than they were for me, he would have reconsidered this bill and thought of it in a little different way.

Unlike the hon. member for Simcoe North (Mr. Ferguson) and the Minister of Finance, I have not made much of my living out of the insurance business. Therefore I am not just as much of an authority on all the rules of the insurance business as they appear to be, although like them I have contributed something toward insurance in the past, and in fact if I live as long as my ancestors I am afraid the insurance companies will be the winners.

I am a great believer in insurance. I have a keen regard for any plan that gives security to families by way of pensions and superannuation to civil servants or pensions and insurance plans to industrial workers as well. I have had some experience in that field, and I have always encouraged pension plans so that when people are out of a job or reach maturity they might benefit from some such plan.

The minister says he has given this a lot of study. I have great regard for the minister's judgment on some occasions; in fact, I have a high regard for his sincerity on all occasions, but I do not just agree with him that because he has given it a lot of study it is necessarily a hundred per cent right. He says it certainly is not socialistic and that the principle of it cannot be termed an insurance principle—the amount is too small. Well, amounts rise and fall but principles never change. To my mind, the size of the insurance amount does not alter the principle. He has said that every pension plan has some insurance element in it. That is true. That is the intention, but I submit, Mr. Speaker, there is a unique difference in this. This is not the same as the ordinary superannuation or pension scheme. It is not merely, as the minister says, only a supplement to that. This is a case of where, as the hon. member for Greenwood (Mr. Macdonnell) has quite properly said, many thousands are involved in addition to those who are on superannuation or pension schemes today.

The minister says that he has carefully avoided calling it insurance because he does not think it is. I can understand why he would carefully avoid calling it insurance or getting into the insurance business, but I submit that because he carefully avoids calling it that it does not follow that we of the opposition cannot so describe it. We call it as we see it. In so far as pensions and superannuation are concerned, I do feel that the insurance feature of it is one thing, but I do not believe we should have an act passed under which everybody in the civil service and in the armed forces must take their insurance in this way.

I can agree with the Minister of Finance that our insurance companies in this country are doing a grand job. They are among our soundest and best institutions in the country. They have given a fine service to this country by encouraging people to prepare for their old age, sickness, hospitalization and so forth. They have co-operated with industry in an excellent way, and have encouraged industry to look after their labouring men. They have given a fine service in the development of this country and in having money available. Despite what my hon. friends to the left may say, I must agree with the hon. member for Simcoe North that after all service without profit is a misnomer. It is certainly through companies like insurance companies that industry has been able to obtain capital to the extent of $10,000, $12,000 and sometimes $15,000 per man employed in great industries across this country. Insurance companies have played a very important role in the development of this country and are doing so at the present time. They are sound; in fact, they are a pattern to many other places where insurance companies have not been as well handled perhaps. I must say that through the government and government regulations our insurance and banking business have been well handled in this country over the many years of that development.

But I do believe that this bill should not now be read a second time but that the subject matter thereof should be referred to the committee on banking and commerce. I say that not merely because the hon. member for Greenwood has moved it; I say that not merely because this party does stand for free enterprise and the encouragement of initiative and genius in our financial set-up which I believe has stood the test of time here and has been demonstrated as successful on this whole North American continent, and in fact we might say in the free parts of the world.

I believe the government should be getting out of private business rather than getting more and more into it all the time. While the minister does not claim to be other than a sound free enterpriser, I am glad that he is not any more of a non-free enterpriser than he is because it would be dangerous to this country. I remember many years ago that the party to which he belongs swung widely to the left, and some of his followers swung with it; in fact, they tipped over and some of them almost got into the socialistic ditch, as it were.

Mr. Macdonnell: The slough of despond.

Mr. Rowe: They have had trouble ever since getting back. In fact some who sit to your right, Mr. Speaker, seem to be wobbling over in that direction yet. I notice that those who are left who are free enterprisers, as I say, claim to be free enterprisers, blush when the—

Mr. Speaker: Order. I am afraid I will have to interrupt the hon. member. I cannot allow the hon. member to carry on in that vein. I think he is deviating from the subject matter which should interest us at the moment.

Mr. Rowe: I will certainly submit to your ruling. Despite your rulings, Mr. Speaker, I know you are a free enterpriser, and I shall certainly submit to your ruling. I will not proceed along the line that you say is not connected with the bill, because I would

rather bow to your ruling than follow my judgment in that regard. I do feel, however, that this bill might well have been considered by the banking and commerce committee. Let me read the explanatory note:

> The purpose of this bill is to provide death benefits up to a maximum of $5,000 for the spouse or the estate of a public servant or a member of the regular forces, in addition to superannuation or pension benefits. The right to the death benefits will continue in certain circumstances after a public servant ceases to be employed by Her Majesty or a member of the regular forces ceases to be such a member.

I hope I am not in error and that the hon. member for Greenwood is not in error when we say, as we have stated, that there is a compulsory feature to it. If I am in error the Minister of Finance might interrupt to correct me. I would think that the compulsory feature is quite conspicuous. I hope it is not, as the hon. member for Greenwood has just interjected in an aside, that the government seems to be so accustomed to compulsory measures that they just take this one for granted.

Well, I do not expect ever to have a civil service job, certainly not while this government is in power. However, Mr. Speaker, I am not sure that the Minister of Finance would look after my security even if I were a civil servant, though I must add that if I did belong to the civil service I would like to have a choice as to whether I should entrust my future security to the government now in power or to a private insurance company. I hope I am not breaking any rules, Mr. Speaker, when I say that if I personally were a civil servant I would rather depend on a sound insurance company than the changing policies of the government as demonstrated in this act.

Mr. Macdonnell: Mr. Speaker, on a question of privilege. It seems to me that it would be of some assistance to everyone if we could have the principle of this bill defined. The hon. member for Winnipeg North Centre (Mr. Knowles) implies that he knows it but he is keeping it a secret. I wonder if he could state that principle and we might then find out if the Minister of Finance approves.

Mr. Speaker: The hon. member is rising on a so-called question of privilege. I think generally the principle of this bill is well understood.

Mr. Knowles: It is quite obvious.

Mr. Speaker: When I intervene and call an hon. member to order I regret doing so but I am quite sure he understands why I do so. I do not want a debate on private enterprise versus government enterprise. That is the point which has been raised. I think the principle of the bill is well understood and hon. members should not rise on a question of privilege in order to have the principle of this bill defined, especially after the statement made by the sponsor of the bill.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, I would like to say a few words in support of the amendment to the effect that the subject matter of this bill be referred to the standing committee on banking and commerce. I believe that the debate this afternoon, instead of clearing the air regarding the principle of this bill has to a certain extent clouded the issues. However, I am not going to enter into any discussion as to the advantages of government entering the field of insurance, though I certainly believe that before the committee evidence could be adduced as to which might be the cheapest method of dealing with the matter.

Last night I expressed some doubts as to the wisdom of proceeding with the resolution upon which this bill is based, and since then my doubts have been reinforced by representation made to me from outside the house regarding the desirability of making this form of additional benefits to the superannuation act compulsory. There are many groups in the civil service and in the armed forces who do not appreciate being compelled to take out this new form of benefit.

I think I may point out that the more senior members, either of the armed services or the civil service, have over a number of years been able to build up the security they considered necessary to look after their families after their death. They have been investing their savings in various forms of insurance to augment their pension over a great many years. Many of them are carrying all the insurance their salaries will permit them to carry at the present time. If they are to be compelled to take on another $5,000 that will mean a reduction in their present salary to the extent of the contributions which are necessary, and it will also mean a consequent lowering, though not too great, in their standard of living.

Again, those who have already provided for their families know that their estate will be subject to succession duties when they die. This means that another $5,000 will be added to the estate to be subject to taxation for succession duties when they die, so that instead of the widow receiving $5,000 she may receive only $4,500, the other $500 being deducted in succession duties for a senior member of the services.

There are many forms of group insurance, but I do not believe that any of these group schemes now in existence demand that all employees contribute to that group insurance scheme, so I do not see why it is necessary to insist that every member of the civil service or the armed forces, whether they have already provided for their families after death or not, must contribute to this scheme.

There is also the problem of the junior member, particularly the female members in the civil service and in the armed forces. They regard the provision of an estate after their death as being the responsibility of the male member of their families, and those who do not marry and do not intend to marry at the present time do not see why they should have to put their savings into a form of life insurance rather than into an annuity.

Many young people contribute to life insurance in order that they may have some capital on which they can borrow money. I do not know whether the Minister of Finance (Mr. Abbott) will explain whether an individual will be able to borrow money on the amount of his contribution paid into this particular fund.

Another field of activity was brought out in the debate last night. The parliamentary assistant said that crown corporations could, if they wished, enter into this scheme. That is a field in which various insurance companies have been carrying group insurance policies for these employees in crown corporations, and that will certainly be an invasion into the legitimate field of these insurance companies.

A good deal of emphasis has been laid upon the fact that this is a death benefit designed to assist in the payment of bills connected with the final illness of the contributor. I would like to point out that in many provinces hospital insurance is already provided by governments. For example, in the province of British Columbia there is hospital insurance. Contributions are made in various ways and there are similar schemes in other provinces so that commitments for the final illness may not be particularly heavy, and they are already being provided for through one medium of taxation or another.

Again there are voluntary schemes such as the Blue Cross scheme which provide for the expenses paid during illness. It seems to me that there is every reason to refer the subject matter of this bill to the committee on banking and commerce. The experts can then come before that committee and can explain the necessity for the measure and the committee can hear the objections which are held by various members of the civil service and by members of the armed forces to having to contribute to this scheme.

The house divided on the amendment (Mr. Macdonnell) which was negatived on the following division:

YEAS

Messrs:

Bell	Macdonnell
Bennett, Miss (Halton)	Michener
Blair	Monteith
Casselman	Montgomery
Charlton	Murphy (Lambton West)
Churchill	Nesbitt
Diefenbaker	Pearkes
Dufresne	Perron
Fleming	Poulin
Fraser (Peterborough)	Robinson (Bruce)
Fulton	Rowe
Gagnon	Small
Girard	Stanton
Green	Starr
Harkness	Trainor
Hees	Tustin
Hodgson	White (Middlesex
Howe (Wellington-Huron)	East)—36.
Lennard	

NAYS

Messrs:

Abbott	Gauthier (Portneuf)
Anderson	Gingues
Applewhaite	Goode
Argue	Gourd (Chapleau)
Arsenault	Gregg
Ashbourne	Habel
Balcom	Hanna
Benidickson	Harris
Bennett (Grey North)	Harrison
Blackmore	Healy
Blanchette	Hellyer
Boisvert	Hollingworth
Bonnier	Holowach
Boucher (Restigouche-Madawaska)	Hosking
Bourque	James
Breton	Johnston (Bow River)
Brisson	Jones
Bryson	Jutras
Buchanan	Kirk (Antigonish-Guysborough)
Byrne	Kirk (Shelburne-Yarmouth-Clare)
Cameron (Nanaimo)	Knight
Campbell	Knowles
Campney	Lafontaine
Cannon	Langlois (Berthier-Maskinonge-Delanaudiere)
Cardin	Langlois (Gaspe)
Caron	Lapointe
Carter	Leboe
Castleden	Leduc (Jacques Cartier-Lasalle)
Cauchon	Leduc (Verdun)
Clark	Legare
Claxton	Lesage
Coldwell	Low
Conacher	MacDougall
Cote	MacEachen
Crestohl	MacInnis
Croll	MacKenzie
Deschatelets	MacNaught
Deslieres	McCann
Dumas	McCubbin
Ellis	McDonald
Fairey	McIvor
Fraser (St. John's East)	
Gardiner	
Garland	
Gauthier (Lake St. John)	

Public Service Superannuation Act

McWilliam
Masse
Matheson
Mitchell (Sudbury)
Murphy (Westmorland)
Nicholson
Nixon
Noseworthy
Patterson
Pearson
Philpott
Picard
Pickersgill
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Quelch
Regier
Reinke
Richard (Ottawa East)
Roberge
Robichaud
Robinson (Simcoe East)
Ross
Shaw
Simmons
Sinclair
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Thibault
Tucker
Viau
Villeneuve
Weir
Winch
Yuill—125.

Mr. Speaker: I declare the amendment lost.

Mr. St. Laurent: Mr. Speaker, it was because of the absence from the house of the Leader of the Opposition that I did not vote on the amendment.

Mr. Speaker: Is the house ready for the question on the main motion?

Mr. Abbott: Would you call the yeas and nays, Mr. Speaker, please?

Mr. Speaker: Those in favour of the main motion will please say "yea".

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed to the main motion will please say "nay".

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Abbott) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Anderson
Applewhaite
Argue
Arsenault
Ashbourne
Balcom
Benidickson
Bennett (Grey North)
Blackmore
Blanchette
Boisvert
Bonnier
Boucher (Restigouche-Madawaska)
Bourque
Breton
Brisson
Bryson
Buchanan
Byrne
Cameron (Nanaimo)
Campbell
Campney
Cannon
Cardin
Caron
Carter
Castleden
Cauchon
Clark
Claxton
Coldwell
Conacher
Cote
Crestohl
Croll
Deschatelets
Deslieres
Dumas
Ellis
Fairey
Fraser (St. John's East)
Gardiner
Garland
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingues
Goode
Gourd (Chapleau)
Gregg
Habel
Hanna
Harris
Harrison
Healy
Hellyer
Hollingworth
Holowach
Hosking
James
Johnston (Bow River)
Jones
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Knight
Knowles
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Leboe
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Legare
Lesage
Low
MacDougall
MacEachen
MacInnis
MacKenzie
MacNaught
McCann
McCubbin
McDonald
McIvor
McWilliam
Masse
Matheson
Mitchell (Sudbury)
Murphy (Westmorland)
Nicholson
Nixon
Noseworthy
Patterson
Pearson
Philpott
Picard
Pickersgill
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Quelch
Regier
Reinke
Richard (Ottawa East)
Roberge
Robichaud
Robinson (Simcoe East)
Ross
Shaw
Simmons
Sinclair
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Thibault
Tucker
Viau
Villeneuve
Weir
Winch
Yuill—125.

NAYS

Messrs:

Bell
Bennett, Miss (Halton)
Blair
Casselman
Charlton
Churchill
Diefenbaker
Dufresne
Fleming
Fraser (Peterborough)
Fulton
Gagnon
Girard
Green
Harkness
Hees
Hodgson
Howe (Wellington-Huron)
Lennard
Macdonnell
Michener
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Pearkes
Perron
Poulin
Robinson (Bruce)
Rowe
Small
Stanton
Starr
Trainor
Tustin
White (Middlesex East)—36.

Mr. St. Laurent: Again, it was because of the absence from the house of the Leader of the Opposition that I abstained from voting on the main motion.

Bill read the second time and referred to the standing committee on banking and commerce.

BUSINESS OF THE HOUSE

BILLS MARKED "CONFIDENTIAL"—CONSIDERATION OF BANKING LEGISLATION

Mr. Donald M. Fleming (Eglinton): On a question of privilege, Mr. Speaker, I just happened to pick up a printed copy of Bill No. 462. In fact, I have two of them in my hand and they are both headed "confidential." I wonder how it happens that bills printed and available for distribution to members happen to be marked "confidential".

Mr. Speaker: I think that matter can be easily explained. Before a bill is introduced, a copy is sent to the Clerk as confidential. It is by error that the mark "confidential" has been kept on the bill after it has been introduced and is ready for distribution. It is really a minor point, and I do not think the hon. member should concern himself any more about it.

I noticed that according to the order of business as announced last evening by the leader of the house, the act respecting banks and banking is to be considered first in committee of the whole, followed by the act to amend the Bank of Canada Act, and then the act respecting savings banks in the province of Quebec. These three bills, as hon. members know, have been reported by the standing committee on banking and commerce. By leave of the house, I would suggest that these three bills be referred to the committee of the whole at the same time. Is it agreed?

Some hon. Members: Agreed.

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider Bill No. 338, respecting banks and banking.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Abbott: Perhaps I might say a word to reiterate what I said in the banking and commerce committee, that is to express my personal appreciation of the very efficient and workmanlike job that was done by the chairman and members of that committee in considering this and the other two bills which we shall have before us. The proceedings of the committee, I thought, were exceptionally helpful this session. They were helpful to me because, unlike some other hearings of the banking and commerce committee, they made very little demands on the time of the Minister of Finance and for that I was truly appreciative.

Quite sincerely I think the committee did a splendid job. They heard a great many witnesses, they examined the bill with great care and some amendments were made, perhaps not ones of great significance from the point of view of policy although one or two were of considerable importance. In this connection I think of the amendment to section 75 which removes the prohibition on taking as security goods, wares and merchandise with respect to small loans. The security, of course, has to be taken in accordance with the laws of the province in which it is given. That is, I think, the important amendment that was suggested by the committee, and one to which the government was glad to give its approval. There were some other amendments proposed, and we shall deal with them as we come to them. However, I did want to express to the house my personal appreciation for the work that was done by the committee.

Mr. Macdonnell: I want to add a word or two merely to comment on what the minister has said. The committee, under the able and energetic chairmanship of the hon. member for Spadina, who I think is the reincarnation of a benevolent slave driver, had 28 meetings altogether. I think, on the whole, the committee did good work and the matters that came before it were very fully discussed.

I think the discussion was useful. I was interested in the reference to the fact that it took less time than, I gather, it did for the minister ten years ago. And, indeed, those whose memories go back ten years assure me that the proceedings on this occasion, while I hope they generated at least as much light, did not generate nearly as much heat. In fact, it seems to me, they were very useful indeed.

We had the advantage of visits from the minister, the deputy minister, the inspector general of banks, and the governor of the Bank of Canada, the president of the bankers' association, and representatives of other organizations, notably those of farmers.

As I say, the discussions were carried on with tolerance and in a co-operative manner. The result of the standing committee's work is before the committee of the whole house today and I think there would be no point in my making any further observations at the moment. Anything I may have to say in addition to what I have said can be said when the sections are called.

The Chairman: Shall clause 1 carry?

Mr. Low: Mr. Chairman, I should like to say only a few words. I do not intend to make a lengthy speech, because I do not believe it is called for at this stage. However I do wish to join with the minister and the hon. member for Greenwood in complimenting the chairman upon what I think was an excellent job all the way through the hearings of the committee. I found him fair and just in every respect, and I feel it incumbent upon me to acknowledge that fact.

The committee did a good job. I think it was a good committee, and I enjoyed serving on it. I was able to attend most of the sittings, and discovered that very early in proceedings the committee got into the mood of a thorough and objective inquiry. That mood was broken only occasionally, and for just a short time on each occasion. Of course it would be too much to expect a group of political representatives from four political parties to meet for over two months in an intensive investigation of various fields without occasionally slipping from their objective approach into something like a bit of politics. I suppose that is not only to be expected, but in some measure perhaps it enlivened the proceedings of the committee. I enjoyed every bit of it.

I believe the work was done thoroughly; and if anything related to banks and banking, as well as monetary or financial policy, was overlooked I would think it would be something of very little importance. Because the committee, generally, was very careful in its work. I feel the public interest has been fully protected so far as the committee was able to protect it. The intensive investigations and studies made over a period of more than two months, together with the careful study made of the bank bills, served to reinforce the views my colleagues and I have held with regard to banks and banking, and monetary policies generally.

No evidence was brought forward which changed substantially the main conviction we had before the committee began to work. I wish to say only that at this time. During the examination of the bills, clause by clause, there will be occasion where I may have something further to say. At the moment, however, I shall leave it at that.

Mr. Cameron (Nanaimo): Mr. Chairman, I should like to say a few words at this point. I hesitate to offer any more congratulations to the chairman of the banking and commerce committee in the fear that it would not be good for him. But I must say this that as a new member in the House of Commons and, of course, of the banking and commerce committee, I did appreciate very much the endless courtesy extended by the chairman and also by the witnesses to a very inexperienced member on the committee trying to play his part in an unaccustomed field.

I found it intensely interesting and extremely educative to be on the committee. I believe I speak for all members when I say that I am sure we benefited immensely from the evidence given by the various distinguished witnesses who appeared before us, and who answered so frankly and so fully the rather groping questions of those who, like myself, were new to that particular field.

I should like for a moment or two to speak about some of the changes made, and the implications of those changes. As the minister has said, the amendment permits the chartered banks to lend money on chattel mortgages. It remains to be seen of course just to what extent the chartered banks will take advantage of that new provision. I, myself, was somewhat in doubt as to whether we were wise in not getting a clearer definition of the legality of the existing method of imposing effective rates of interest on personal loans. Apparently there have been two conflicting legal opinions in that regard, and it is possible that we might have been wiser had we put in operation a course of action that would have resulted in a final court decision in that regard.

There were also in the banking and commerce committee a number of other interesting developments. A point I found most interesting was the very clear evidence that now we have an entirely different banking system from that which existed twenty years ago. I doubt whether anyone in the banking business today would deny that fact for a moment. It was for that reason that some of us in this group who served on the committee pursued the question of the much debated inner reserves. I speak for myself when I say that this was done, not so much from the point of view that here were some hidden profits that malefactors in the banking business were hiding from us but because we felt that the whole concept of inner reserves was an example of, shall we say, a hold-over of thinking from a previous banking system, and that today the arguments which might have been made in favour of inner reserves are no longer valid.

As those who attended the meetings of the committee will recall, the Minister of Finance was extremely careful not to commit the government to any blanket proposition that nowadays the government of Canada cannot afford to let any chartered bank fail. But I think I was not alone in that committee in gathering the very clear impression that it would be extremely unlikely for a government in Canada to let a bank fail

today. In fact that was one of the things that seemed to me to come out most clearly from the hearings of the banking and commerce committee. I was impressed by the fact that today we have an integrated banking system of which the Bank of Canada, the publicly-owned institution, is the one part, and the chartered banks are the other part.

No longer can we ignore the fact that the two functions of the chartered banks—and there are two quite distinct functions—indicate that in Canada we have a somewhat anomalous position with regard to our banking system. Those two functions, of course, are first the guarding of the savings of the general public and making loans to industry, and secondly the distribution, expansion or contraction of the money supply, in co-operation with the Bank of Canada and the government of Canada. Because of this latter function, I think the contention that those of us in this group have been making all along, the contention that the banking system inevitably must sooner or later become classified as a public utility is a valid contention.

I would conclude by suggesting that long before the Bank Act comes again before a banking and commerce committee of the House of Commons it will be accepted generally that such a development is in the interests of the orderly development of Canada.

Mr. Fraser (Peterborough): Mr. Chairman, as a member of the banking and commerce committee I should like to say just a word. I am going to congratulate the chairman because he did a good job, but I do not think he could have done the job that he did unless he had the full co-operation of the committee. Every member on the committee tried to do his best to see that the Canadian Bank Act was the best in the whole of the world. I think we have an excellent Bank Act. I feel that the banking association of Canada is doing its best to see that banking in Canada is kept on a very high level.

In congratulating the chairman I do think that the inspector of banks should be included. Mr. Elderkin, as a witness, never hesitated once all through the gruelling questions that he had thrown at him. He seemed to know the answers, and he seemed to know his business right down to the ground. Mr. Atkinson, the chairman of the bankers' association, also did an excellent job, and did not hesitate to give us a yes or no answer and to explain what was what.

I know that the banking and commerce committee of 1954 did as good a job as, if not better than, the banking and commerce committee of 1944, of which I was a member. We had lots of fireworks, as was mentioned at that time, but we did not have the co-operation of the members on the 1944 committee that we had this time. At this time everyone was in harmony and tried to put everything on a fair basis. There is not very much more that can be said about the Bank Act, the Bank of Canada Act or the Quebec Savings Banks Act at this time. However, there is one matter to which I should refer. I still feel we should not allow the Bank of Canada to have unlimited say as to how much money they can put into circulation. There should be a limit on that.

Mr. Croll: Mr. Chairman, I may be forgiven for rising to say just a few words. I want to tell the committee and those who have spoken how touched I am and pleased with the kind words that were directed at me as chairman of the committee. It is only too true that the work of the committee was a co-operative effort. I appreciate the kind references very much, but all the members of the committee will be very glad to know that I deflate very easily after praise.

The three bank bills—

Mr. Fraser (Peterborough): Don't we all?

Mr. Croll: —which were examined by the committee were, in my opinion, the most important items on the agenda at this session of parliament, and yet, in the main, they were non-controversial. There was a difference of emphasis, and members stressed particular points, but whatever they did they did in a constructive manner.

The aim of the committee was to let us freely hear all sides. It was exhaustive in its study; it was hard-working; it was diligent. It held 28 meetings and reviewed the bills painstakingly and constructively. There was a complete lack of partisanship and partisan consideration in almost 1,000 pages of evidence.

The committee, as has already been said, was fortunate in having before it some extremely capable witnesses. I should like to single out Mr. Graham Towers, governor of the Bank of Canada, for special mention. He spoke his mind and he expressed his opinions, and they were both valuable. Mr. Elderkin, the inspector general of banks, was in constant attendance and was particularly helpful to the chairman and to the committee, as was Mr. K. W. Taylor, deputy minister of finance, both of whom the committee heard. The president of the Canadian Bankers Association, Mr. T. H. Atkinson, was informative and helpful to the committee. He gave

the committee whatever information it required and asked for and answered all questions to the best of his ability, and that is considerable. The general managers of the other chartered banks were in attendance throughout the sittings.

We were pleased by a visit from the Hon. Lucien Maynard, attorney general of the province of Alberta, who presented a brief on behalf of his province. All members of the committee did not agree with the implications of his remarks nor with the emphasis, but we profited from the submission.

The Minister of Finance appeared before the committee. He was heard and questioned by the committee on some matters which required more than technical knowledge on the subject of banking. Others were heard and they made their contributions. Early in the session the Minister of Finance, in discussing members' salaries, spoke of rewarding things in public life: the inner drive for public service which members of parliament and others make at a sacrifice. In this respect I think the study of the Bank Act was one of the rewarding things that came to us during this session.

When the green-backed drapes were opened, there was displayed to us the inner workings of these great banking institutions. We studied them in a pointed, precise and knowledgeable fashion. We righted what was wrong and corrected that which needed correction. As a result, our examination gave to these institutions added strength which we feel confident will be exercised in the public interest, and we brought them a greater measure of public confidence. To the banks it was beneficial; to the people of Canada it was reassuring; to us it was rewarding.

During the greatest period of growth and development of Canada as a nation the banks have kept pace and have served this country extremely well. That has been recognized by most Canadians who have attributed to the banks security, efficiency and convenience.

The principle of the decennial revision is important. Conditions change with the passing of time, and that is particularly true in Canada. By having their charter reviewed every ten years it gives the banks an opportunity to place their record before the people of Canada whose representatives give it careful examination. This gives our banking system added strength.

A network of banking facilities is provided for the convenience of the public, and the view is held in many quarters that Canada is better served by her banking facilities than almost any other country. The branch system makes it possible to give service to hundreds of communities which could not otherwise support a bank.

I came away from the committee with a sense of pride in our democratic processes and confidence in our financial institutions.

Mr. Thatcher: Mr. Chairman, I shall detain the house only for a few moments. I approve of the amendments which are being brought before the committee today. However, there was, in my opinion, at least one shortcoming in the Bank Act before it was referred to the committee. I suggest, Mr. Chairman, that one of the major weaknesses of our banking system has been its failure to provide long term credit facilities for agriculture. I am afraid that even with these amendments, the act is still not going to provide such facilities.

Now, Mr. Chairman, there are today in Canada a great many farmers who, for one reason or another, cannot go to their bank and get the kind of credit they need. I think this situation is serious, because since the war the price of land has skyrocketed, the price of machinery has gone up, and it is becoming ever more costly to establish a herd of livestock.

Out in western Canada today the price of a half section of land together with equipment has risen to almost $20,000, and though in eastern Canada it is not quite so expensive, young farmers still find the price is so high that they usually find it impossible to purchase a farm.

There is no place under our present banking system where they can obtain long term credit. I am well aware that over the years the government has brought in the Canadian Farm Loan Act and the Farm Improvement Loans Act. Both of these acts have proved beneficial, but the experience, at least in western Canada, has been that their provisions are too restrictive. Either the down payment required is too high, the terms are too severe, or the ceilings are too low.

I therefore think the time has come, while we are dealing with the Bank Act, to consider whether or not there is something we can do to give Canadian farmers long term credit facilities. We can, of course, extend the provisions of the Canadian Farm Loan Act, or the Farm Improvement Loans Act and I think such a policy might be a good idea. However, may I suggest another alternative.

Earlier this session, parliament amended the Bank Act in such a way that the government now guarantees the losses banks may incur in making a 20 or 30-year loan to urban dwellers on the construction of new homes.

If it is possible to do this for urban dwellers to help them build homes, I do not see why it should not be possible to adopt a similar principle where farmers are concerned. I see no reason why the government could not guarantee bank loans made to farmers over a 20 or 30-year period in the same way for the purchase of farms or equipment.

I think such a policy would give farmers the kind of long term credit they need without being in any way costly to the taxpayers. I hope the minister will give this suggestion some consideration while this act is before parliament.

Mr. Macdonnell: Mr. Chairman, the speech of the hon. member for Spadina and the hon. member for Nanaimo interested me and there is just one comment I would like to make. The hon. member for Spadina, and I think we all agree with him including the hon. member for Nanaimo, spoke of the excellent service Canada has received from the banks, but the hon. member for Nanaimo, while speaking very appreciatively in this sense, used a phrase on which I wish to comment. He said, if I took him down correctly, that within 10 years banking would become a public utility. I would just like to say, and I believe most hon. members in the committee will agree with me, that it is a public utility at this moment.

Clause agreed to.

The Chairman: Before calling clause 2 I should point out that hon. members have before them a reprinted copy of the bill whereas I have before me the original bill with a notation of the amendments which were adopted by the banking and commerce committee. Hon. members will find that in their reprinted copy the amendments are underlined, and I wondered if it would be agreeable to hon. members, in order to save time, if they would merely indicate on any particular clause whether they wish me to read the manner in which the original bill was printed. In that fashion we might perhaps save time; otherwise, when calling a clause, I should have to indicate the nature of the amendments adopted in committee.

Mr. Abbott: I would think that suggestion a very practical one, Mr. Chairman.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Clauses 2 to 13 inclusive agreed to.

On clause 14—*Permission to commence business.*

Mr. Macdonnell: Mr. Chairman, this clause reads:

> The bank shall not commence the business of banking until it has obtained from the treasury board a certificate permitting it to do so.
>
> (2) No application for the certificate shall be made until directors have been elected in accordance with this act.

I wonder if the minister would mind just saying a word as to the functions of the treasury board. I do not carry in my mind the actual requirements which have to be complied with and I think it may be worth while if the committee had them brought to their attention.

Mr. Abbott: Mr. Chairman, my understanding is that this section has been in the Bank Act since 1871 and has been continued in successive provisions since that time. I assume that the provision is there in order that the treasury board may make certain that the requirements of the act with respect to the subscription of the minimum amount of capital required, the election of directors, their qualifications and so on, have been complied with. A somewhat similar provision existed, as I recall it, in connection with insurance companies which are subject to supervision by the superintendent of insurance.

Clause agreed to.

Clauses 15 to 18 inclusive agreed to.

On clause 19—*Bylaws.*

Mr. Macdonnell: I did not quite realize, Mr. Chairman, when you made your proposal what was actually intended. What we are really doing now is treating all these amendments as incorporated and taking this as a new bill. On page 10, clause 19, I notice there is an amendment which makes the paragraph read as follows:

> (h) the amount of discounts or loans that may be made to directors, either jointly or severally, or to any one person, or to any shareholders;

That apparently is an amendment and I would like to have the significance of that explained by the minister.

Mr. Abbott: Mr. Chairman, I understand it was simply a change of wording. The legal draftsman felt that this wording more accurately expressed the real intent of the clause. As the hon. member knows it is an enabling clause which permits shareholders to make bylaws with respect to certain specific matters, and my information is that this was merely an amendment to the wording to make what was the admitted intention of the clause so much clearer. There is no change in policy.

Clause agreed to.

Clauses 20 to 35 inclusive agreed to.

On clause 36—*Offer of shares of capital stock.*

The Chairman: There has apparently been an amendment to clause 36.

Mr. Macdonnell: I was just going to ask if that might be explained. There seems to have been some important changes made.

Mr. Abbott: As my hon. friend is aware clauses 36 to 39, inclusive, deal with the issue of new stock by the banks. Some substantial amendments were made to these sections in order to enable the banks to issue stock or to offer stock to shareholders residing outside of Canada under the conditions set forth in these sections. As the committee is aware, some jurisdictions require the filing of a great deal more information than is required here in Canada. Broadly speaking, these sections enable the banks to do two things, namely to issue rights which a non-resident shareholder can sell and dispose of or, if they so decide, to sell shares which would be allotted to non-resident shareholders and to apportion the benefit among those non-resident shareholders. That is the purpose of these four sections. I know they have received careful consideration by the committee as well as by the law officers. I have been over them fairly carefully myself, and I think they accurately express what was intended to be done.

Clause agreed to.

Clause 37 agreed to.

On clause 38—*Disposal of shares not subscribed or offered.*

Mr. Macdonnell: Clause 38 is a completely new one as is clause 39. Perhaps I might ask with regard to the two of them at the same time.

Mr. Abbott: I covered those two sections rather briefly in the comment I made a moment ago. They provide machinery for the disposal of shares which are not subscribed for or rights which are not taken up by non-resident shareholders and the disposition of the proceeds.

Clause 39 provides for keeping certain stock books, for the purpose of recording the disposal of shares under clauses 36 and 38.

Clause agreed to.

Clauses 39 to 60 inclusive agreed to.

On clause 61—*Auditors.*

Mr. Macdonnell: It seems to me that it would be worth while to have on *Hansard* something said by the minister with regard to the shareholders' audit. In that connection I suggest that he might make some reference to the duties of the inspector general of banks so that we shall have on record for public information the two checks which are provided, the one imposed and carried out by the shareholders themselves in their own interests and the other imposed and carried out by the government. As the hon. member for Peterborough has said already, we were all greatly impressed with the work of Mr. Elderkin and his knowledge of the banking system. I think it would be worth while to have some brief statement as to the scope and nature of his functions as well as something about the shareholders' audit.

[The Chairman.]

Mr. Abbott: As my hon. friend is aware, the provisions with respect to the shareholders' audit have been in the Bank Act for a good many years. Some changes have been made in this section. Those which were made were rather technical in character but they were made on the suggestion of the institute of chartered accountants. As hon. members will see on examining the section, there is a provision that an auditor, in order to be qualified to serve as a bank auditor, must have been practising his profession continuously during the six consecutive years immediately preceding his appointment. Under the 1944 act these auditors had to be selected from an eligible list furnished by the provincial institutes and published in the *Canada Gazette*. The minister had the right to remove from that list the name of any accountant.

There is an amendment with regard to the work which may be carried out and the remuneration which may be received by an auditor of the bank. I understand that it has become the practice for auditors to act in an advisory capacity on matters such as income tax, issue of new capital stock, accounting methods and so on which are outside of the scope of a straight audit. Provision has been made that they may be remunerated for such service if approved by the directors. However, I think it is fair to say that there has been no substantial change in the audit requirements so far as shareholders' audits are concerned. Perhaps I might defer my comment on the inspector general of banks until we reach the section which deals with that officer.

Clause agreed to.

On clause 62—*Inspector general of banks to be appointed.*

Mr. Abbott: I do not know that I have any extended comments I care to make on this section. It is not changed in substance from the section contained in the previous act. The office of inspector general of banks was created in the revision of 1924 and has existed since that time. The inspector general, of course, is an officer of the Department of Finance and reports directly to the

Minister of Finance. Broadly speaking, his responsibilities are to see that the banks carry on their functions in accordance with the requirements of the Bank Act under which they operate. In the exercise of his duties he obviously relies to a considerable extent upon information furnished to him by the auditors of the bank. That procedure is quite appropriate. It is desirable that that should be so for this reason. To set up a completely new or separate auditing staff would be quite unnecessary, I think, and unduly expensive. My experience now extends over a period during which we have had two inspector generals. Needless to say, I endorse wholeheartedly everything that has been said here today about the work which has been done by the present inspector general whom I knew for a great many years before he became inspector general of banks. I do not know whether my hon. friend wanted me to elaborate any further on the work of that officer.

Mr. Macdonnell: No. I think the minister has covered it. I was impressed with one thing in particular, namely the incredibly small staff with which the inspector general works. That fact convinced me not only that he must have some Scottish blood in him but—and this was more important—made me feel that he was not dealing with a lot of non-essential and niggling details but was having regard, as he should, to the principles involved and to important considerations. Am I right in thinking that his staff consists of one or two outside of himself?

Mr. Abbott: I think it is two, Mr. Chairman. The job is essentially a personal one. It requires a man with special qualifications. As I say, for the technical data he needs he can rely upon the banks' internal audit and upon the shareholders' auditors. He gets that information from them. It is quite unnecessary to set up a duplicate staff in order to get that information. Then, of course, he is able to get from the Bank of Canada such additional data as they may have. Taking it all in all, I think the introduction of the present system of an inspector general of banks reporting directly to the Minister of Finance, responsible to the Minister of Finance, and with a small staff but who is in constant personal contact with the banks' operations, has proved to be a fairly satisfactory one.

Mr. Macdonnell: I have not the slightest intention of reflecting on any other civil servant, but may I say that if by some means there could be a general inoculation with the same virus as that which infected the inspector general of banks it might produce wonderful results.

Mr. Abbott: It would please the Minister of Finance greatly.

Clause agreed to.

Clauses 63 to 67 inclusive agreed to.

On clause 68—*Report to Minister of National Revenue of excess reserves for bad debts, etc.*

Mr. Macdonnell: Would the minister say a word about this clause? I think it was one of the clauses which most interested the committee, and I think it is very desirable that the public should have some understanding about it.

Mr. Abbott: As my hon. friend is aware, there is no change in this section, which corresponds to section 56 of the previous act. This is the section which provides for contingency reserves, the so-called inner reserves. I do not know that there is very much I can add to what I said before the banking and commerce committee. These particular classes of reserves have existed in commercial banks since time immemorial. There was a fundamental change made in the act in 1944 by which it was provided that the Minister of Finance takes the responsibility of determining whether the reserves are excessive. If they are excessive he can then require the banks to bring the excess back into income and pay income tax on it.

Of course, as I explained to the committee, these so-called contingency reserves can never be available to shareholders until tax has been paid on them. But banking being a special form of business in which confidence is one of the most important factors, if not the most important, the purpose of having these inner reserves is well known, namely, to take care of special situations where unforeseen losses in a particular period might give rise to public misunderstanding and misapprehension if they were made public at the time.

Mr. Macdonnell: I think the minister made clear at that time that these inner reserves were not and could not be a device for tax dodging.

Mr. Abbott: I tried to make that clear a moment ago too, and I did before the committee.

Mr. Low: I want to make one brief comment. I think in previous years there has been a good deal of mystery about the whole matter of contingency reserves which I believe was very largely removed as the result of the work of the committee this year. I believe that in the course of the committee's hearings it was established that under present circumstances these reserves could not exceed

$320 million, which was tantamount to drawing aside the curtain and giving us a peek at the facts. Since that time I have been wondering whether it is necessary any longer to keep all the facts hidden. I wonder whether the minister has not also changed his views a bit on that matter. The public are not likely to have any suspicions in their minds if they have access to the facts. I believe that was one reason why the inspector general of banks tabled in the committee a report which showed that the aggregate amount under present circumstances could not exceed $320 million. That has set at rest a good deal of speculation, and I was wondering whether the minister had changed his mind.

Mr. Abbott: I do not think I have. For the first time the inspector general of banks indicated to the standing committee the formula which is used in determining whether the reserves of a particular bank have reached the permitted maximum. He also gave the maximum which would be permitted for all banks under that formula. I think I indicated to the committee that in a case of this kind I would prefer to have too much in those reserves than too little. It might well be that at some later date it might be considered appropriate to break down that information a bit more, but I do think this is a matter with respect to which we should proceed rather slowly. My understanding is that in other commercial countries such as Great Britain and the United States, whose banking systems are most closely comparable to ours, they do not disclose under any circumstances the amount of the banks' inner reserves. But I am satisfied that as a result of the work done by the committee in 1944, the formula which is now in effect and the responsibility which is placed on the minister of finance there can be, as the hon. member for Greenwood has said, no question that these reserves can be used as a method of tax avoidance.

Clause agreed to.

Clauses 69 and 70 agreed to.

On clause 71—*Cash reserves.*

Mr. Macdonnell: Will the minister make a comment on clause 71, because it does represent some change?

Mr. Abbott: This section really needs to be read in conjunction with the section in the Bank of Canada Act which is here referred to. The method of computing cash reserves is altered. The minimum rate is increased from 5 per cent on a daily basis to 8 per cent on a monthly average basis, and provision is made in the section that the Bank of Canada may increase this percentage within the provisions of its act as proposed in the 1954 amendments which will be before the committee a little later.

Mr. Low: It was with interest that we learned in the committee that at least one of the chartered banks, and perhaps others, has already made rather extensive loans under the new housing act provisions. I believe it was the president of the Canadian Bankers Association who said in his evidence that if any substantial amount of housing loans was made by the chartered banks it would doubtless require some increase in cash reserves. I wonder whether the minister has any information with respect to whether the cash reserves of the banks that have made substantial loans have been increased.

Mr. Abbott: I have no information. I would doubt if the banks would need to increase their cash reserves substantially as yet. All the banks, as my hon. friend knows, hold cash reserves in excess of the minimum set out here, some quite substantially in excess. That is a matter of judgment on the part of the individual management, but so far as any information I have is concerned I would think that the banks would not have been required to make any appreciable change in their cash position as a result of the housing loans which they may have made so far.

Clause agreed to.

Clauses 72 to 74 inclusive agreed to.

On clause 75—*Business and powers of bank.*

Mr. Croll: May I ask that this clause stand for a moment and be dealt with a little later.

The Chairman: Is that agreeable to the committee?

Some hon. Members: Agreed.

Clause stands.

Clauses 76 to 81 inclusive agreed to.

On clause 82—*Loans on hydrocarbons.*

Mr. Michener: This is a new section, and I noticed that the minister did not mention it in dealing with the main changes. It seems to me that it is an important extension of the lending privileges of the banks.

Mr. Abbott: Quite right. I covered it in my speech on second reading. I pointed out that section 82 was a new section which was introducing security analogous to the security already existing under section 88, and was designed to enable the banks to lend money on the security of oil in the ground. It is an important section and one, I think, which the committee was right in approving. I am told that in other jurisdictions the banks can

and do lend money on that type of security, and it seemed to me, with the growing oil development in Canada, that we should have a comparable provision in our Bank Act.

Mr. Low: I should like to ask the minister whether he has satisfied himself that the taking of such security for loans for oil development will not interfere with provincial rights. I think that matter was brought up and discussed at some length.

Mr. Abbott: I satisfied myself in this way, Mr. Chairman, that so far as the legal position was concerned, I had the benefit of the advice of the officers of the Department of Justice, as well as the legal advisers to the Canadian Bankers Association. I was informed also that this legislation had been discussed with the province of Ontario and the western provinces, and it met with their approval. I took that as evidence that they were satisfied this was legislation that would not conflict with provincial laws in this respect.

Clause agreed to.

Clauses 83 to 87 inclusive agreed to.

On clause 88—*Loans to certain borrowers and security.*

Mr. Macdonnell: I wish the minister would say something about clause 88 because there was a good deal of discussion about it. As I say, for the readers of *Hansard* I believe it is worth saying something about it. I was impressed with the statement made by the president of the bankers association, who was also the general manager of the Royal Bank, to the effect that while this security was so vital to the banks, if my memory serves me correctly he said that in 40 years he recalls using it three times. I was amazed at the figure. If the minister sees fit I should like him to say a few words about that section because it is cardinal to the banking operation and yet there were some questions raised about it to which perhaps the answers were not satisfactory to everybody.

Mr. Abbott: This is a very familiar section. It is unique in our Canadian banking system and has existed for a great many years. So far as this revision is concerned, there have been really no changes of great substance. There have been a few procedural changes, and seed potatoes have been added to the list of products on which money may be lent to a farmer. I believe that is the only change of substance, but there have been one or two procedural amendments with respect to the destruction of the rather voluminous records it is necessary to keep.

I think myself that section 88 has performed a very useful purpose in the history of Canadian banking. I feel it has provided credit which might not otherwise have been available. I am also one of those who believe that in due course it may cease to be necessary as a form of security to be taken by banks. I would not be at all surprised if in the next revision or some subsequent revision of the Bank Act it would be found that this was no longer necessary as the country has developed. It is a rather expensive way of taking security. There is a great deal of paper work involved. The banks, themselves, are not particularly keen about it. Nevertheless, as I say, I think it has fulfilled a very useful function over the years. I do not think the time has yet come when we could safely do away with it.

Clause agreed to.

On clause 89—*Priority of bank's claims.*

Mr. Macdonnell: There is a substantial part of this clause that is new. I think it might deserve some comment.

Mr. Abbott: My understanding is that while there is some change in the wording, there is really no change of substance, except in subsection 4. No, I am informed by the inspector general of banks that is really just a drafting change, and there is no change of fundamental policy at all.

Clause agreed to.

Clause 90 agreed to.

On clause 91—*Interest exceeding 6 per cent shall not be charged.*

Mr. Thatcher: I have one matter I should like to discuss, though I do not know whether I should mention it here or on clause 75. Since 91 is the clause which fixes the ceiling on interest rates, I think I shall discuss the matter now.

Clause 75 is a new amendment which permits banks to lend money on chattel mortgages. I think this idea is certainly a good one, because many Canadians who are today forced to go to small loan companies will now be able to go to the banks and borrow at considerably lower rates. I noticed in the proceedings of the committee that Mr. McKinnon of the Bank of Commerce suggested that the banks could do a more effective job in making these small loans if they were permitted to charge interest rates of one per cent per month. I was not in the committee and there may have been reasons why the suggestion was not desirable. However the argument Mr. McKinnon put forward was simply that the bank's administration costs in connection with these small loans were so high that they needed a higher interest rate to make the proposition economically feasible.

It seems to me there may be some sense in Mr. McKinnon's argument. If we want to get the banks into the small loan business, if we want the banks to provide a better service to small borrowers, we must let them charge rates which are economically sensible. As I understand the law today, a bank can charge up to 10·46 per cent by discounting the note originally at 6 per cent, and then obtaining monthly repayments. Mr. McKinnon asked for one per cent per month, which would be about 1·5 per cent higher than the present rate. I believe, Mr. Chairman, the house should give careful consideration before passing this 6 per cent ceiling on the chattel mortgage business.

I have had a good deal of experience with this kind of paper financing. Frankly, from what I have seen of it, I doubt if the present rate is going to be sufficiently interesting for the banks to go after the small loan business. I am only speaking personally. I could be wrong, because as I say I was not in the committee when the evidence came up. However I urge parliament to remember that banks, in dealing with this kind of loan, are dealing with risks which are greater than they have in the ordinary loan. Moreover the cost of servicing personal loans is greater, because the repayments come once a month. I certainly think the 6 per cent ceiling should be maintained on standard loans, but I should like the minister to make a statement as to whether or not we might not have more Canadians benefit if the banks were able to make these personal loans now at a slightly higher rate.

Mr. Abbott: I gave that very careful consideration, Mr. Chairman, but on balance I came to the conclusion I was not prepared to recommend an increase in the maximum permitted interest rate at this time. One reason is that it is quite difficult to distinguish between the different types of loans. While admittedly these so-called small loans to purchasers of individual consumer goods do carry a higher rate of interest, I would be afraid there might be some temptation to get a little higher rate of interest on loans on which perhaps that higher rate was not justified. On balance, therefore, I came to the conclusion we should not at this time raise this permitted 6 per cent maximum.

One other reason, too, was that the banks are now engaged in loans on residential housing, and with the demands on them for ordinary commercial accommodation, I think the result will be that all the resources of the banks will be fairly well utilized in the immediate future. I was, personally, unwilling to recommend an increase in this permitted 6 per cent ceiling. I think the matter should be studied. Some banks may want to engage in this personal loan business extensively, and others less extensively. I know there is experience in the United States which shows that the rates there, even allowing for escrow deposits and so on, are substantially in excess of the 6 per cent. I would not be prepared to take the responsibility of recommending an increase from that figure at this time.

Mr. Thatcher: I thank the minister for his statement. He may be correct.

Mr. Abbott: It is a matter of opinion, I grant you.

Mr. Thatcher: I do hope the government will keep the matter under review. I would remind the minister that even if the rate which Mr. McKinnon asked were granted, it would still be one-half the rate which the small loan companies are often charging for the same type of loan. My reason for making this suggestion is that it might be a progressive step. I believe the banks would go after this type of business if it were more lucrative.

Mr. Abbott: I think that is right.

Clause agreed to.

Clauses 92 and 93 agreed to.

On clause 94—*Transfer to Bank of Canada of unclaimed deposits, etc.*

Mr. Michener: Mr. Chairman, this provision requires the banks to pay over to the Bank of Canada the amount standing at the credit of inactive accounts after 10 years of inaction. Of course this act applies only to the chartered banks. It would be a salutary thing if the same provision could be extended to the postal savings bank, as was recommended by the Auditor General. This of course might not be the legislation under which that could be done. The postal savings bank is carrying forward a great many inactive accounts—I believe there are 150,000 of them. One has been inactive since 1878. There appears to be no corresponding provision for the postal savings bank.

Mr. Abbott: No, there is not. As my hon. friend appreciates, when anyone puts money in the postal savings bank he is, in effect, lending it to the government at an agreed rate of interest. Whether it would be desirable to turn many people from that department of government to a wholly owned subsidiary, the Bank of Canada, I do not know. I assume no one would question the solvency of either institution. That is probably the reason the difference is made.

Mr. Michener: I think the chief problem is one of bookkeeping, and the cost of administration.

Mr. Abbott: Yes.

Mr. Michener: This undoubtedly relieves the banks of a great deal of bookkeeping and administration of accounts that are inactive.

Mr. Abbott: That is right.

Clause agreed to.

Clauses 95 to 120 inclusive agreed to.

On clause 121—*Charter to remain in force for calls and winding-up.*

Mr. Macdonnell: With regard to this clause, and the others following in this group, I believe it would be of interest if the minister would make a general statement as to the consolidated stability and general strength of our banking system.

Mr. Abbott: There is no change in substance, so far as these clauses are concerned. I believe there were some improvements in wording. On a number of occasions I have expressed my confidence in the Canadian banking system, which has developed as a result of the process of trial and error that has taken place over a good many years. Some of the defects either in law or in banking management have been eliminated, and today I believe we all agree that we have one of the strongest banking systems in the world. I think, too, that the introduction of a central bank has helped to assure that the banks would be in a more liquid position than they might have been under preceding legislation. I think the very effective work done by the inspector general of banks, as it has been done over a number of years, has contributed to that end.

I know the hon. member for Nanaimo would like me to admit that it is now impossible for a bank in Canada to fail. I am not prepared to make that admission. I think that the responsibility for solvency must continue to be the primary responsibility of the managements of banks, and I think they are discharging that responsibility admirably.

Clause agreed to.

Clauses 122 to 134 inclusive agreed to.

On clause 135—*Commencing business without certificate.*

The Deputy Chairman: I would draw the attention of the committee to the fact that clause 135 is now 156. If it is agreeable I shall call them in that order. I believe that would be the order which it would be easiest for the committee to follow.

Mr. Fraser (Peterborough): Just a moment; we have the corrected bill before us, the amended copy.

The Deputy Chairman: Then if the committee has the reprint, perhaps it would be desirable if I were to slow down in my reading of them and take them in the order in which they appear.

Clause agreed to.

Clauses 136 to 143 inclusive agreed to.

On clause 144—*Bank doing prohibited business.*

Mr. Macdonnell: As this is a new section, would the minister comment upon it.

Mr. Abbott: I think it is just a change in wording; there is no change in substance. I am assured by the inspector general that my recollection is correct in that regard.

Clause agreed to.

Clauses 145 to 161 inclusive agreed to.

Schedules A to R inclusive agreed to.

The Deputy Chairman: I would remind hon. members that clause 75 was stood aside.

On clause 75—*Business and powers of bank.*

The Deputy Chairman: Shall clause 75 carry.

Mr. Fraser (Peterborough): I just wish to say that I think this is a very satisfactory clause. Under it I believe chattels are allowed to be accepted as collateral for bank loans. In my view this will help a great deal, and I have heard much favourable comment from different people. They feel that this is a very good move, and that the banking and commerce committee was wise in making this provision.

Mr. Abbott: I congratulate the committee, because I think it is a good move, too. It removes one of the prohibitions, but it limits the field of action, so far as the type of security is concerned, to a narrow field, and quite properly so. It also makes it quite clear that the security to be taken must be taken in accordance with the law of the province in which the loan is being made and the security is taken. We are not creating a new type of banking security; we are simply removing the prohibition which existed.

Clause agreed to.

Title agreed to.

Bill reported.

The Bank Act

Mr. Speaker: When shall Bill No. 338, respecting banks and banking, be read a third time? Now?

Mr. Macdonnell: By leave.

Mr. Knowles: It was not read the second time today; you do not need leave.

Mr. Speaker: I understand that. I take it that at this time hon. members say "by leave" just to show that they are in agreement that this be done today, although they might perhaps have asked that it be done some other day.

Mr. Abbott moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Harris: Last week I announced for tomorrow consideration of the estimates of the Department of Transport and the Department of Justice. I understand this is not acceptable to hon. members opposite, and so we shall begin, as I indicated, with interim supply and then take transport and the departments of national revenue, fisheries, mines and technical surveys, and labour

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, May 27, 1954

The house met at 2.30 p.m.

THE LATE LIONEL CONACHER

Right Hon. L. S. St. Laurent (Prime Minister): We were all profoundly shocked yesterday evening, Mr. Speaker, by the death of one of the members of this house, Mr. Lionel Conacher. Those of us who were present at the annual baseball game between the members of parliament and the members of the press gallery were pleased to see him taking part once more in this popular event, and noticed that he seemed to be in his usual good health and good spirit. His collapse on the playing field was therefore a much greater shock as it was so unexpected.

Lionel Conacher was only 52 years of age, having celebrated his 52nd birthday last Monday. He spent the day with his family and friends in Toronto, but was back in Ottawa in time to play his usual important part in this annual sporting event, which has been a source of so much pleasure and good fellowship. Mr. Conacher was a native of Toronto, and I am informed had been a resident of that city for most of his life. He was one of a family of great sportsmen, and he himself became one of the greatest and most versatile athletes of our time. Canadians right across this country, and sportsmen all over the world, will recall his exploits and will remember him affectionately as the "big train". He received, we know, the honour of being named in 1950, by sports writers in this country, as the greatest Canadian athlete of the half century.

It was in 1937 that he began his political career, having been elected to the legislature of the province of Ontario as the representative of the constituency of Bracondale. While he was a member of that body, he served as vice-chairman and then as chairman of the Ontario athletics commission. In 1942 he was placed in charge of the Royal Canadian Air Force sports and recreation facilities with the rank of squadron leader, and in that capacity made a valuable contribution to the maintenance of morale in the air force in the war years.

Mr. Conacher was first elected to this House of Commons as the member for the constituency of Trinity at the general elections in 1949, and was returned on August 10 of last year. He was not only a very popular member, but he was a very hard-working and effective one as well. He spared no effort to justify the confidence of his constituents in him, and he brought to our deliberations the keen insight, common sense and high sense of fair play which distinguished him outside of parliament as well. Both in this chamber and in the committees of which he was a member, his remarks were listened to with attention and respect.

Mr. Conacher's death came at a time when it might have been expected he still had many more useful years of public service ahead of him. However, he had already made a significant contribution to this country, and earned the lasting respect of his fellow citizens. He will, I am sure, be remembered as an outstanding Canadian, both by us who knew him so well here and by the younger generation to whom he devoted so much of his time and his great energy. I am sure I speak for all members in asking you, Mr. Speaker, to extend to Mrs. Conacher, their five children, and to the other members of the family, our most heartfelt sympathy in their bereavement.

Hon. George A. Drew (Leader of the Opposition): It was with a sense of shock and amazement, Mr. Speaker, that I learned in Toronto last night of the sudden and extremely tragic death of Lionel Conacher. He had the warm friendship of every member of the House of Commons. I do extend my personal sympathy to the Prime Minister (Mr. St. Laurent) in the loss of one of his associates with whom he had been on such close terms for several years.

My own personal friendship for Lionel Conacher went back a considerate time. I had sat opposite him in the Ontario legislature, as I have here. At all times our friendship had been close and understanding. I recall so well the days when he was an example not only of great athletic prowess, but of good sportsmanship in the days of his football, hockey and other attainments. As commissioner of the Ontario athletics commission, he made a contribution to his native province which extended beyond that province. A man can be a good athlete and not always be a great sport. But Lionel Conacher was undoubtedly the greatest of all the athletes this country has produced, and he was one of the best sports this

country has known. I think that perhaps the highest praise that can be given any man is that he is a good sport in whatever his field of activity may be.

Lionel Conacher was a good sport, and he gave the sense of sportsmanship to those with whom he came in contact as commissioner. It was also in a wider field that he expanded that interest and encouraged young people to take part in the healthy games that give them the physical strength to face the tests of life. I think there are many grown young men and women of this generation who will recall that their interests in one sport or another came from the example and inspiration he had given.

There was no type of sport in which he was not interested. I have one very vivid recollection which shows that it was not only in the hard-hitting and muscular sports, but in other sports as well that he was extremely successful. I recall a couple of years ago seeing a disabled boat in Georgian bay, and going over and finding that it was Lionel Conacher and some friends who were there. He was not in any way downcast by the fact that they were marooned. Instead of that he was fishing—and fishing very successfully—in the spot where they happened to stop. And that was typical of him.

He took life as it came, and took it as a good sport at all times. Every one of us in this House of Commons joins with the Prime Minister in the expression of sympathy to his wife and to the bereaved family, who have been deprived of their father in such tragic circumstances. All of us here today say farewell to a good friend and a good sport, in the very best meaning of that word.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, for the second time in less than two months this House of Commons meets with a sense of shock and a sense of sorrow. As has already been said by the Prime Minister (Mr. St. Laurent) and the Leader of the Opposition (Mr. Drew), all of us who learned the news last night, whether we were on the playing grounds or heard it over the radio or by telephone, were deeply shocked by the sudden passing of one whom we had come to know and to respect.

When yesterday afternoon those of us on this side of the house looked across the other side and saw Mr. Conacher in his seat as usual, we little thought that this afternoon we would be rising to express the deep feelings of sympathy we all feel for his sorrowing wife and family.

I think one of the really poignant features of his passing last night was the fact that he was looking forward so much to today, when one of his daughters would graduate from the University of Toronto. Surely this is a reminder to all of us that in the midst of life we are in death. Twice in less than two months we have had this sorrow in our hearts.

On behalf of those associated with me I join with the Leader of the Opposition in expressing that sympathy we all feel, to Mrs. Conacher, to the children, and to the relatives of our deceased friend. And to the Prime Minister, too, we express our sympathy in his loss of a good colleague. Mr. Conacher was one whom we knew as a good sport, one whom we knew as a man of independent mind. The house will not mind my mentioning the fact that on occasion I have noticed that he exercised his right to speak, think or act as he pleased. And I am sure that his colleagues around him respected him for that. We all did.

Today on this very sorrowful occasion we extend our sympathy to the Prime Minister and to the Liberal party and, as I have already said, to the sorrowing widow and family, as well as other near relatives of Mr. Conacher.

Mr. Solon E. Low (Peace River): Mr. Speaker, I wish to associate the group for whom I speak with the tributes that have been paid this afternoon to our colleague who passed away so suddenly last night. I am sure we all endorse everything that has been said about this good man.

I looked upon Lionel Conacher as a personal friend. He was always affable and kind—surprisingly so, I think, for one who played his games so vigorously and aggressively. I suppose one of the things that made him great is that he played with all his heart, and still was kind and considerate. He was always interested in the sports activities in which I was involved, and he gave me personally much encouragement.

For many years Lionel Conacher has been an inspiration to Canadians both young and old, and has done more, I think, than most people to promote good and wholesome recreation in sports for young people. At all times he set an excellent example.

We were shocked and saddened by his death, and want to be associated with the expressions of sympathy that have been extended to Mrs. Conacher and to the family. And may I also say to the Prime Minister that we sympathize with him and the members of his party in the loss of a very fine supporter.

Mr. David A. Croll (Spadina): Mr. Speaker, I knew Lionel Conacher in my undergraduate days, when he was writing his name

in flaming letters on the gridiron. He then acquired the name of the "big train". His later participation in many athletic activities gave him the deserved legendary reputation of being the greatest all-round athlete in Canadian history.

I knew him extremely well when we were members of the Ontario legislature. We maintained our friendship and common bond when we came to the House of Commons as members, and more particularly with our mutual concern for the interests of the city of Toronto. We members from Toronto, who shared a special kind of friendship, considered him a colleague of merit. He had a quick and alert mind, and good solid common sense. He was a man who was devoted to his family and was particularly painstaking and considerate of the interests of his constituents.

He was respected in his native city and admired by many Canadians, to whom he was a personality. As a fabulous athlete he inspired the youth of the country. His contribution in war as well as in peace did not go unnoticed. He died, as he lived, playing the game. All these people, and many others, will be saddened today because the "big train" isn't running any more. To his wife and family I extend my deepest sympathy.

Mr. A. H. Hollingworth (York Centre): Mr. Speaker, I got to know Lionel Conacher very well in the way one always gets to know one's roommate, and I developed a deep feeling of affection for him. Once you got to know Lionel Conacher you could not help liking him, and I feel that is one of the finest tributes one can pay to one's fellow man. He was ostensibly brusque and blunt but inherently kind and generous; he had an infectious grin and a certain innate charm. Perhaps I might use a well known expression to describe him—he wore well.

Possessed of an incisive mind, as the members of the committee on railways and canals well know, he could analyse a problem clearly and sum it up succinctly. He would go right to the root of the matter. He was essentially a man of few words and always believed in direct, sledgehammer-like action. Thus was this colourful giant of a man.

Much abler men than I this afternoon have paid tribute to his prowess as Canada's greatest athlete. I feel certain in saying that there never will be another name like Lionel Conacher emblazoned across the sports pages of this country. He was the idol of every young boy of my generation. Finally he was immensely proud of representing the good people of Trinity riding, proud of being a Liberal, proud of being a Torontonian, proud of being a Canadian. I drove down with him this week from Toronto and he casually told me about the swimming pool and picnic grounds he had almost completed on his farm north of Toronto for his constituents.

Our deepest sympathies go out to Mrs. Conacher and the family, all of whom have distinguished themselves scholastically as well as in athletics. A pall of grief is hanging heavily over this house which will not easily be lifted.

Thus will Lionel Conacher be missed by his family, by his constituents, by those of us in this house, and by his legion of friends across this country.

And so the "big train" has gone on his long, final, inexorable journey.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the leaders have spoken today for all members of this house. May I just add this personal word which comes from the heart.

After a long and quite intimate association with the late Lionel Conacher, in politics, sport and socially, I can say this of our late colleague. Under all circumstances he never failed to be a gentleman. His instinct of fair play and generous consideration of others was outstanding. Though the idol of every sport lover in Canada, the outstanding Canadian athlete, a man who attained success also in business and politics, his success had never deprived him of his essential and altogether admirable quality of modesty.

He was essentially a family man, and the hearts of his wife and five children, to whom he was deeply devoted, and who are a great credit to him, are sore and heavy today. His daughter Diane was to have graduated from the University of Toronto today.

It happened that when the tragic moment came, in last night's game, Mr. Speaker, I was at bat and it was my uncertain hope to bring Lionel Conacher home from third base. A higher power intervened, Mr. Speaker, to bring Lionel Conacher home.

Mr. J. L. MacDougall (Vancouver-Burrard): For a few moments I should like to speak about our departed friend. During the life of the twenty-first parliament Lionel and I were roommates. I can say that in those four years never as much as an anxious or an angry word was ever passed between us. Today we as members of this house and many hundreds of thousands of Canadians across the country are paying our respects to a great symbol of Canadianism—I might say, almost a fabulous symbol—of what Canadianism means from the east to the west coast of our fair land.

The late Lionel Conacher

On occasion we discussed instances of amusement that occurred in our various fields of endeavour in the line of sport, and I think it is fair to say on this occasion, sir, that we here today and across Canada pay tribute to a great Canadian, not only great in sport, great in character, great in the open-mindedness of his views and great in the warmth of his heart, but greater still as husband and father of a fine Canadian family.

If Lionel could have chosen the hour when the great Geometrician of the universe was to call him to his last resting place, Mr. Speaker, I do not think he could have selected a more appropriate moment than he did. Because of that we, together with his family, have less to mourn than we otherwise would. We can visualize what a terrific burden it would have been to our friend if the great Physician had decided that he should lie inactive for months and possibly years. Though we mourn, though we are sad, though we are sick at heart, we can for a moment rejoice in the fact that the great Physician gave him this opportunity of transferring from this mundane sphere into the realm of the unknown. While it is still unknown, we are confident in our hearts that the day will come when, on the other side of the Jordan, we shall renew our comradeship not only with our friend who has just passed on, but with all those who have gone before.

Like the other speakers, I extend to the family and to his wife our deepest and sincerest sympathy, and pray that the Almighty in His wondrous judgment will aid them as well as us in this temporary separation. We in this chamber today reiterate all the fine things that have been said about Lionel, and pray that God in His wisdom will give grace and peace to his loved ones to bear the cross.

Mr. W. K. McDonald (Parry Sound-Muskoka): As one who had the privilege of playing with and against our great friend and Canada's greatest athlete, I wish to extend to his family, to his brothers and to his father and mother deepest sympathy on behalf of the sport-loving people of this country.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, May 27, 1954

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber, on Thursday, the 27th May, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General.
(Administrative)

EXTERNAL AFFAIRS

Second report of standing committee on external affairs.—Mr. Picard.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That items Nos. 84 to 103, inclusive, of the main estimates 1954-55, approved and reported upon this day by the standing committee on external affairs, be referred back to the committee of supply.

Motion agreed to.

QUESTIONS

CANADIAN NATIONAL RAILWAYS PURCHASES

Mr. Knowles:

1. What items which could be manufactured in the shops of the Canadian National Railways are being purchased from outside firms?
2. What was the total value of such items in each of the last three years (either calendar years or fiscal years)?
3. From whom are brake shoes (a) for cars; (b) for diesel locomotives, purchased by the Canadian National Railways?
4. From whom are malleable castings (a) for refrigerator cars; (b) for box cars; (c) for cabooses, purchased by the Canadian National Railways?
5. To what extent do purchasing agents of the Canadian National Railways consider having manufactured in the shops of the Canadian National Railways all such items as those shops are capable of producing?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1, 2 and 5. The shops of the Canadian National Railways are operated primarily for repair and maintenance work and normally their capacity is only sufficient for this purpose. Specialized equipment and skills developed by individual outside manufacturers make it more economical to procure the great majority of the items required from them rather than attempt their production with railway maintenance facilities.

Any effort to determine what the shops of the C.N.R. are theoretically capable of producing would involve a detailed and costly examination of the more than 175,000 individual items in common usage on the system.

3. Dominion Brake Shoe Company, Limited —Montreal, Que. Monsarrat Machinery and Foundries, Limited—Riviere-du-Loup, Que.

Dominion Wheel and Foundries Limited—Toronto, Ont.

4. Smiths Falls Malleable Castings, Limited —Smiths Falls, Ont.

DEFENCE PRODUCTION—MINESWEEPERS

Mr. Hahn:

1. Has the Department of Defence Production recently let a contract for the construction of laminated pressurized wood keels for six minesweepers to a Bellingham, Washington, shipyard firm?

2. Was there a bid on this construction made by a British Columbia firm? If so, for what reason was it not awarded the contract?

Mr. Dickey:

1. No. However, on April 29, 1954, a contract was placed by Davie Shipbuilding Limited on Bellingham Shipyards, Bellingham, Wash., U.S.A., for one only laminated red oak keel with five to follow. Davie Shipbuilding Limited is the "lead yard" in the building of six MCB minesweepers for the Department of Defence Production. Laminated keels are regarded as a shipyard supply item, the procurement of which is the responsibility of the "lead yard".

2. A bid on this construction was submitted by American Fabricators (Canada) Limited, Bynne road, Vancouver, B.C. This firm serves as agent for Bellingham Shipyards, Bellingham, Wash., U.S.A. Since it is D.D.P. purchasing policy to buy direct from the manufacturer instead of through agents whenever possible in order to obtain lowest prices, this contract was placed direct with Bellingham Shipyards instead of with their agent American Fabricators (Canada) Limited.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BELL TELEPHONE SERVICE

Mr. Noseworthy:

1. Has the board of transport commissioners, the Department of Transport, or any other government department made any inquiry (a) regarding the number of potential Bell telephone subscribers unable to secure telephone service at the present time in (i) metropolitan Toronto area; (ii) the province of Ontario; (iii) other provinces of Canada served by the Bell Telephone Company; (b) whether there is a shortage of equipment for the provision of ample telephone service; (c) what types of equipment, if any, are in short supply; (d) whether any such shortage is caused by (i) lack of raw material; (ii) lack of manufacturing facilities; (iii) lack of manpower; (iv) the existence of a monopoly in the manufacture of wire and cable; (v) the existence of a monopoly in the field of telephone services?

2. If any such inquiries have been made, what are the findings of such inquiries?

3. If no such inquiries have been made, has the board of transport commissioners, or the Department of Transport the constitutional right to make such inquiries?

4. If so, will such inquiries be made?

5. If not, who has the right to make such inquiries?

HARBOUR EXPENDITURES

Mr. Nicholson:

How much has been spent by the federal government since 1945 on harbours at the following places: Halifax, Saint John, Montreal, Churchill, Vancouver?

BUSINESS OF THE HOUSE

MORNING AND WEDNESDAY EVENING SITTINGS ON AND AFTER MAY 31

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on and after Monday, May 31, 1954, until the end of the session, the house shall meet at eleven o'clock in the morning of each sitting day and that, in addition to the usual intermission at six o'clock p.m., there shall also be an intermission every day from 1.00 to 2.30 o'clock p.m., and that on Wednesday, June 2, 1954, and every Wednesday thereafter until the end of the session, the sittings shall in every respect be under the same rules as are now provided for other days.

Motion agreed to.

INQUIRY AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, before you proceed with the orders of the day may I ask the Prime Minister (Mr. St. Laurent), in relation to the motion placed before us, if there is any further legislation or any further government business to be placed before us of which we are not yet aware?

Right Hon. L. S. St. Laurent (Prime Minister): No; I do not think there is any, Mr. Speaker, of which I have not already given notice in the house. I think I have already mentioned there might be legislation to repeal the National Physical Fitness Act. That is the only thing about which I am uncertain. I know of no more legislation I have not already disclosed to the house.

ADMINISTRATION OF JUSTICE

NEWFOUNDLAND—THREATENED CONTEMPT OF COURT PROCEEDINGS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I wish to direct a question to the Minister of Justice of which I have not given him notice because the material only came into my possession a very

short time ago. Has the Minister of Justice had the opportunity to consider the effect of the statement by the Chief Justice, Sir Albert Walsh, of Newfoundland, in which he threatened the *Daily News* of St. John's with possible contempt of court proceedings because of their publication of his statement of claim and extracts from certain affidavits in a civil action?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I have not had the opportunity of examining the statement to which my hon. friend refers, but in any event the subject matter of that statement and the action to be taken in respect of it, having to do with the administration of justice, would be a provincial responsibility.

Mr. Drew: Well, Mr. Speaker, in view of the importance of this subject and the fact that a Criminal Code amendment is before us, may I point out to the Minister of Justice that there is an amendment which has been introduced into the Criminal Code calling for an appeal within the province.

Mr. Speaker: Order. It is very disagreeable for me at this time to have to interrupt the Leader of the Opposition (Mr. Drew) but I feel that I am compelled to do so. He asked a question and a reply has been given. Now he is making a suggestion to the minister that might better be proposed by correspondence, or otherwise. I must insist on the rule to the effect that at this period questions are to be asked and there should be no debate on any one point. I am always confronted with this problem—although especially at this time I would like to see the Leader of the Opposition make his point because of a possible lack of further opportunity to make it between now and the end of the session—which is that if I allow the Leader of the Opposition to do this, then I must allow others to make similar representations on this point or on other points. Now, I do hope the Leader of the Opposition will understand my position and will, as he always does, co-operate with the Chair.

Mr. Drew: Mr. Speaker, I am not going to debate what Your Honour has said although I will say, with respect, that I do not agree. The fact remains that it is very easy for me to put this in the form of a question. Will the minister give consideration to the possibility of an amendment to the Criminal Code which would define the ground on which contempt of court proceedings can be taken, and in doing so will he consider the extraordinary situation which would result from any contempt of court proceedings which deny the possibility of publication of civil proceedings which has been the accepted method at all times?

[Mr. Drew.]

Mr. Garson: Without implying any agreement with the point which my hon. friend has raised, I shall be glad to look into it.

GRAIN

MARKETING—REFERENCE TO CONFERENCE IN WASHINGTON

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Can the minister inform the house whether there is a Canadian delegation now in Washington engaged in talks regarding the marketing of grain, and is the purpose of the conference to prevent an unnecessary cut in the prices of other countries?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, we frequently have conferences of the officers of the department with their opposite numbers in Washington discussing various matters and at the moment there are representatives of the department and the wheat board in Washington. Just what they are discussing I am not sure, but after their return, if there is anything of interest to the hon. member, I will make a statement.

COMMUNISM

ALLEGED COMMUNIST INFILTRATION INTO GOVERNMENT DEPARTMENTS

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, there are two questions I would like to direct to the Minister of Justice. Has the minister's attention been drawn to a statement made in the last few days by Mr. John Leopold, ex-superintendent of the Royal Canadian Mounted Police, regarding the existence of communist infiltration into departments of government, among others, the departments of national defence, external affairs, and the national film board? If so, since such statements revealing the seriousness of the danger, what additional measures does the government intend to take in order to cope with the situation?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank the hon. member for Quebec West (Mr. Dufresne) for giving me notice of his two questions. The hon. member asked if my attention had been drawn to statements attributed to Mr. John Leopold, ex-superintendent of the Royal Canadian Mounted Police regarding instances of communist infiltration into government departments, among others being the departments of national defence, external affairs, and the national film board.

My attention was drawn to an article written by Peter Dempson and carried in the Toronto *Telegram* of April 23 last. I am informed that this article was based upon an informal interview which Mr. Dempson had with ex-superintendent Leopold. In that article no mention is made of infiltration into government departments. On the following day a more or less similar article was carried in the Ottawa *Citizen*, written by Mr. Frank Swanson. Mr. Swanson had, I am informed, contacted ex-superintendent Leopold by telephone and secured his agreement to using the material already published in the *Telegram*. There is a reference in this *Citizen* article to infiltration and, while ex-superintendent Leopold does not remember being questioned on this particular point, I would draw attention to the fact that the *Citizen* reference to this item is by no means as positive as the question of the hon. member for Quebec West (Mr. Dufresne) suggests, and I quote:

> He was asked if he thought communists were active in government departments or agencies such as national defence, external affairs, national research council or the national film board.
>
> "It's possible", he said. "They would be 'plants' or employees who had become 'converts' to communism."

It is on the basis of material such as this that I think the article in *Le Petit Journal* to which my hon. friend refers was made up. My attention had not been previously drawn to the article in *Le Petit Journal* of May 30 but ex-superintendent Leopold states that he had not been interviewed by this paper. I therefore have no doubt that the item in that paper stems from the articles published previously in the Toronto *Telegram* and the Ottawa *Citizen*.

The various agencies of the government dealing with internal security are alert to the danger inherent in the infiltration of government departments by communists and procedures designed to detect such individuals have been in effect for years. I do not think that the casual statement attributed to ex-superintendent Leopold, which merely refers to infiltration as a possibility, need cause us to alter our present practices. The possibility of infiltration is something that security authorities and the government itself have been keenly alive to for a long time.

Mr. Dufresne: May I ask a supplementary question of the minister? In view of this statement from ex-superintendent Leopold, would it be possible for the minister to investigate or would it be possible to have certain contact with the ex-superintendent in order to find out whether his assertions are true?

Mr. Garson: Mr. Speaker, I thought that I had made it clear at three or four points in my previous reply that they were based upon checks that we had made with ex-superintendent Leopold.

Mr. Ferguson: Mr. Speaker, the government said they are quite aware of conditions and that they have been aware of them for years. It is not many years ago since the wife—

Some hon. Members: Oh, oh.

Mr. Ferguson: I should like to ask this question. Is the Minister of Justice aware that within a very few years the wife of an avowed communist was working in the late prime minister Mackenzie King's office, that this fact was brought to his attention, but that he did nothing about it for months?

Mr. Garson: Mr. Speaker, the answer is no.

Mr. Ferguson: That again proves that they are not very alert.

LABOUR CONDITIONS

CANADIAN NATIONAL RAILWAYS—SYSTEM-WIDE LAY-OFFS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport supplementary to the exchange of question and answer between us a week ago today. On that occasion the minister will recall that he expressed the hope—

Some hon. Members: Question.

Mr. Knowles: I am referring to the answer to my question of last week in which the minister expressed the hope that we were at the end of the lay-offs by the Canadian National Railways. In view of that hope which the minister expressed and in view of the fact that further lay-offs have been announced for tomorrow in Winnipeg,—

Some hon. Members: Question.

Mr. Knowles: —is there not something the minister can do to prevent these lay-offs from taking place?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member has succeeded in getting his speech on the record. All I can say in reply is what I have already stated, namely that the management of the affairs of the Canadian National Railways is in the hands of that company. They have indicated that some time in the future —I did not notice that it was tomorrow; I am sorry to hear that it will be tomorrow— some 60 people will be laid off in the western

region. The reason that has been indicated to me for these lay-offs is the reduction in traffic. I indicated earlier that the traffic of the Canadian National Railways compares very favourably with that of American railways and with that of the Canadian Pacific Railway, as does their employment position. It is simply because of the reduction in traffic that they find they have to lay these men off. Again I express the hope, as I did a week ago today, that this will be the last of these lay-offs.

TRADE

TURKEYS—IMPORTATIONS FROM UNITED STATES

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Finance. It is further to the question that I asked him on May 19 with regard to the importation of turkeys into British Columbia. At that time he indicated he might have a statement to make at another date. Would he indicate what that statement might be, if he has one now?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I have not yet received the information but I will make inquiries.

POLIOMYELITIS

DISTRIBUTION OF VACCINE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of National Health and Welfare whether he is in a position to answer the question I asked yesterday with regard to polio vaccine for provinces such as Manitoba and Saskatchewan?

Hon. Paul Martin (Minister of National Health and Welfare): The hon. member asked me this question yesterday but I was not here. However, my colleague the Minister of National Defence (Mr. Claxton) said he would direct the question to me, as he has done. I am sure that the hon. gentleman has already received a good bit of information from the outstanding address given in this building about two hours ago by Dr. Defries, who is one of Canada's outstanding scientists and directors of medical research. I can say that we have been kept fully informed of the trial being conducted in the United States. The vaccine in question is just in the trial stage and no final assessment will be possible for many months. The dominion council of health made up of the ten provincial deputy ministers of health are now meeting with us in Ottawa and this matter is being further discussed. The decision in every case rests not with the federal government but with each province. Each province will decide whether or not to accept the vaccine for trial purposes.

FERRY SERVICE

STEVESTON-GULF ISLANDS—CONTINUATION OF SERVICE

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): May I direct a question to the Acting Minister of Public Works. Can arrangements be made for the ferry *Lady Rose* to operate out of Steveston from the government wharf there in order that service may be continued to the gulf islands?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, I am taking notice of my hon. friend's question and will try to give him an answer as soon as possible.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

INTERIM SUPPLY

Mr. Abbott moved:

Resolved, that a sum not exceeding $263,003,811, being one-twelfth of the amount of each of the items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1955, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $1,413,731.92, being one-twelfth of the amount of items 19, 199, 202, 203, 218, 221, 223, 225, 227, 231, 431, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1955.

He said: Mr. Chairman, the proposed bill is the usual bill at this time of the year and will provide, first, for one-twelfth of all items to be voted in the main estimates for the fiscal year 1954-55, and second, an additional one-twelfth of eleven special items to provide for services of a seasonal nature on which the heaviest payments fall due in the early part of the year. That includes the items respecting legislation, some of the items respecting the experimental farms, items respecting the sending out of survey parties, and the item concerning the international trade fair which opens very shortly.

The general proportion of one-twelfth for all services is intended to provide for all necessary ordinary requirements to the end of June. The additional proportion requested is, as I have said, for certain special items of a kind for which it has been usual to request an additional proportion in excess of the nor-

mal one-twelfth for the month of June. In no instance is the total amount of any item being released. The form of the bill is the same as the bill passed at the end of May, 1952, which was the last time it was necessary to obtain interim supply for the month of June.

The passing of the bill will not prejudice the rights and privileges of members to criticize and discuss any item in the estimates which will come up for consideration from time to time throughout the balance of the session, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Macdonnell: The minister will remember that when interim supply was granted on March 29 there were certain special fractional adjustments of certain items to which he referred at that time. I take it that the fractional amounts now being taken are such as to dovetail with the amounts then asked for and fit into the whole scheme of the year.

Mr. Abbott: That is correct. The previous supply bill covered a total of something in excess of $530 million. This bill will provide for an additional $264 million odd and, as my hon. friend said, the additional items dovetail with those which were passed in the first interim supply bill.

Mr. Drew: Mr. Chairman, I propose to avail myself of the opportunity presented by these supplementary estimates covering the various departments of government to deal with a matter to which I referred earlier and which of course relates to one of the departments affected by any supplementary supply. I raise this question because I believe it is one of the utmost importance, particularly with respect to the freedom of the press in Canada. I have had a message sent to the office of the Minister of Justice that I am raising this matter, but in any event the Prime Minister is here and I wish to place the facts before the government in the hope that consideration may be given to the general effect of a situation such as results from the statement to which I refer.

On May 18, as reported in the press of St. John's, Newfoundland, on May 19, a statement was issued by the chief justice of Newfoundland, Sir Albert Walsh.

The Chairman: Order. I have been waiting to apprehend the purport of the remarks of the Leader of the Opposition. I would remind him that we are not discussing supplementary estimates as he indicated in his opening words. I would also remind him that this is not a motion to go into supply on which a grievance can be raised, and that what we are actually considering is an interim supply resolution. I think the discussion should perhaps be limited to questions concerning interim supply.

Mr. Drew: Mr. Chairman, I used the words "supplementary estimates" inadvertently and I should like to correct the record. We are of course dealing with interim supply. At this stage of the proceedings we are called upon to deal with both. I was quite aware that we were dealing with interim supply and the use of the term "supplementary estimates" was simply an inadvertent choice of words relating to another matter that has been before us.

In dealing with interim supply we are dealing with one-twelfth of the requirements of all the departments of government, and I submit therefore that there can be no question about the propriety of raising at this point a matter that relates to any department embraced in the interim supply estimates. While the circumstance does not ordinarily arise, I submit that in no way challenges the propriety of raising such a matter at this time. I was referring to the statement issued by the chief justice of Newfoundland on May 18 which is reported in full in the press of St. John's, Newfoundland, on May 19 of this year. I wish to quote from the report in the *Daily News* of St. John's of May 19. Mr. Chairman, since I can hardly hear my own words because of certain discussions that are taking place, I assume you will have difficulty, so I am pausing until it will be possible for you to hear.

The Chairman: Order.

Mr. Drew: The statement issued by the chief justice of Newfoundland was supported by the other members of the supreme court bench of Newfoundland, Sir Brian Dunfield and Mr. Justice Winter. The reference is to discussions that have taken place in connection with a matter that has been drawn to the attention of the people of Canada over the past weeks and is known generally to them because of statements that have been made in connection with those proceedings. The statement refers to the principle that everyone who is accused must be tried on the evidence produced in the court and there only, and so far as possible without prejudice of any kind. The statement then goes on to point out that anything which would prejudice that trial might be contempt of court. The statement then gives this broad and embracing warning:

> We now therefore issue a clear warning to all concerned, and this includes counsel, newspapers,

radio stations, public men, indeed everyone, that this court will be on the watch for anything which may come within the classification of contempt of court, that is to say, anything said or done in public which may tend to prejudice fair trial, and that anyone transgressing proper principles will be regarded as having been warned and having done it in spite of warning.

I then go on to the specific reference to what was published in the *Daily News* and I quote from the statement:

The judges have noted in the *Daily News* of today's date an article under the heading "Judge Dunfield issues order for arrest of Dr. Alfred A. Valdmanis." In this article the statement of claim in an action before this court is published together with abstracts of affidavits filed in the matter. It appears to the judges that there may be a contempt of court in this not only in so far as the conduct of the civil case is concerned but also in the conduct of the criminal proceedings against a person who is under arrest, in that certain of the matters which may be evidence have been published in advance of the trial.

I am availing myself of this opportunity, Mr. Chairman, to raise this matter at this time because there has been great concern about the extent to which judges, who after all are appointed by the government of Canada, have exercised the very loose authority in regard to contempt of court proceedings. In many cases this authority has been exercised in such a way that responsible members of the press must have great difficulty in knowing exactly what should be or could be defined as contempt of court.

I need not refer to several recent occasions—

The Chairman: Order. I am sure the Leader of the Opposition realizes that I have been extending, I am afraid, too much leniency. He has drawn to my attention that this resolution embraces one-twelfth of the item for the Department of Justice. I do not believe, however, that gives him the right to the same broad discussion as would be the case on the first item of the estimates of the Department of Justice. I was hoping that the Leader of the Opposition would limit himself to a very short discussion or preferably confine his remarks to the terms of the resolution before us.

Mr. Drew: I submit that this is a proper matter to be brought before the committee at this stage. At this moment we are dealing with a request for the provision of interim supply. We are dealing with a request for the allowance to various departments of one-twelfth of their requirements, a very substantial sum of money. While it may not be customary, on many occasions, to avail oneself of this privilege, I submit that there can be no question about the right of any hon. member, on the first item of interim supply, to raise a question that is important in relation to one of the departments that is receiving one-twelfth of the amount which it will require for the coming year.

It is upon that basis I am at this time raising this point. I do so because I wish to place before the Minister of Justice in this way, and I submit properly in this way, a situation that I am sure is a matter of concern to him as the custodian of justice generally throughout Canada. I wish to draw his attention to something of which all hon. members are aware, and that is the discussion there has been throughout Canada in regard to the effect that many of the proceedings which have been taken already by way of contempt of court have had upon the freedom of the press. I point out in this case a direct threat of possible contempt of court proceedings has been issued by the chief justice of Newfoundland against the Newfoundland *Daily News* and, may I add, also against the *Telegram* in regard to another matter.

I wish to submit to the Minister of Justice for consideration the possibility that in some way there still could be an amendment during this session that would define the basis upon which contempt of court proceedings can be taken in so far as they affect any subject matter under the jurisdiction of this parliament, and I would submit even in those matters affecting the provincial authorities because of the concern of the Minister of Justice and the government with justice to all Canadians. Even if the matter were outside the limited realm of federal jurisdiction, still it would be very natural for him to raise the question as to how the whole subject of contempt of court proceedings might be brought under some clearer definition.

I am sure that the Minister of Justice knows full well, from his wide experience, that civil proceedings are published with complete freedom throughout the whole of Canada. If a veil can be placed over civil proceedings, because it happens that the attorney general of any province decides to institute civil proceedings simultaneously with criminal proceedings, then by that device the justice that is made for the whole of the people through open public trial might very well be denied. I submit that this is an extraordinary statement. This is a direct threat in relation to the publication of civil proceedings because there happens to be at the same time a criminal action pending.

After all, if the attorney general of Newfoundland had any concern about any matter of this kind, there was no necessity to start civil proceedings contemporaneously with criminal proceedings that had been instituted

by the same officer. I think it will be seen that this could produce an extraordinary situation in which the justice of an open trial could be denied to Canadian citizens. I submit, therefore, for the consideration of the Minister of Justice the possibility of examining this situation and discussing the circumstances, by letter or otherwise, with the chief justice of Newfoundland, and of seeking some way in which a better understanding of what really constitutes contempt of court in cases of this kind may be reached.

Here is a case where not only the accused but those who are responsible for the accusations should both desire all the publicity that is reasonable and sensible. I might point out that publicity is an essential part of even-handed justice in this country. Publicity is a safeguard to the accused, just as it is to those who institute proceedings, whether they be criminal or civil. Unless there is a very clear case of an attempt to distort the processes of justice, then I think that there most certainly should be no attempt to start contempt of court proceedings.

I submit to you, Mr. Chairman, and through you to the Minister of Justice, that this blanket warning to all citizens of Newfoundland that they must be careful what they say is a unique announcement in the history of Canadian jurisprudence. It is in that light I raise it now and urge the Minister of Justice to give this his careful consideration, merely with the thought that through his wide offices he may make sure that neither may those who are responsible for the prosecution or the institution of civil proceedings have their rights limited by secrecy, nor an accused man have his possibility of freedom in any way impaired by binding a trial in this country with terms of secrecy.

Mr. Garson: As I indicated previously on the orders of the day, Mr. Chairman, I shall be glad to go further into this matter with the attorney general of Newfoundland to ascertain if there is any substantial foundation for the impression the Leader of the Opposition apparently has obtained from a perusal of the *Daily News* of Newfoundland of May 19. Pending that further investigation, I think it would be only fair to Sir Albert Walsh if, instead of there being upon the record only the interpretation my hon. friend has placed upon Sir Albert's remarks, I placed upon the record for comparison the actual statement that was attributed to Sir Albert Walsh in the *Daily News*. This is what he is reported as having said:

> Under British law it is a principle that every one who is accused must be tried on the evidence produced in the court and there only, and, so far as possible, without prejudice of any kind; and the court has ample powers, and will use them, drastically if necessary, to ensure this.

Well, Mr. Chairman, up to that point, I for one would not dissent from those truisms. It continues:

> There may be places where trial by newspaper and trial by radio are tolerated, but this court will see, to the extent of its powers, that no such practice arises in this jurisdiction, and that all cases are tried as routine cases.

Does my hon. friend object to this principle? If he does, then I must disagree with him. I myself would endorse it.

Mr. Drew: Since my hon. friend has asked a question, I shall be very happy to submit to him not merely the reading of the report from the newspaper but the transcript of the statement in court of Chief Justice Walsh, which I have before me in full. I shall be happy, if he wishes me to do so, to place it all on the record.

Mr. Chevrier: The minister asked a question, and you are making a speech.

Mr. Drew: The chairman may need assistance, but I have not heard him asking for it from the Minister of Transport.

Mr. Chevrier: You were asked a question, and you are making a speech.

Mr. Drew: Will the Minister of Transport remember that there is a chairman to whom he should direct his remarks—that is, if he has any remarks worth hearing.

Mr. Chevrier: My hon. friend should follow that advice himself.

Mr. Drew: Mr. Chairman—

The Chairman: I wonder if the Leader of the Opposition would confine his remarks to the point. I asked his co-operation some time ago when I indicated that I thought this entire subject was somewhat out of order on a resolution of this kind.

Mr. Abbott: Hear, hear.

Mr. Drew: I was merely offering to put this on the record.

The Chairman: Order. I do hope that this discussion may terminate shortly, and that we may resume the business which I feel is properly before the house. Shall the resolution carry?

Mr. Drew: No. I say now—

Mr. Garson: Just a minute, on a point of order. I believe I have the floor.

Mr. Drew: Mr. Chairman, the minister did not have the floor. He sat down and was waiting. But if the Minister of Justice wishes, let him speak.

The Chairman: I understand the Minister of Justice sat down, as he should properly have done, when the Leader of the Opposition rose.

Mr. Drew: No. He sat in his seat—

The Chairman: And if he still wishes to have the floor, I think he still has it.

Mr. Garson: I asked a question and naturally sat down while it was being answered. My hon. friend should not mistake my courtesy.

Mr. Drew: Well, does the minister want to have an answer?

An hon. Member: Speak to the Chair.

Mr. Garson: I understood my hon. friend had replied at some length.

Mr. Drew: No.

Mr. Garson: But I have the right to complete the reading of the quotation. If the hon. Leader of the Opposition wishes to supplement it, he will have the opportunity.

Then, to go on from where I left off:

> The conduct of proceedings in re A. Valdmanis has been very unfortunate up to the present. There has been a great deal said about these cases in the papers and upon the radio, and elsewhere. There appears to be on all hands a disposition to give these cases a political flavour.
>
> We now therefore issue a clear warning to all concerned, and this includes counsel, newspapers, radio stations, public men, indeed every one, that this court will be on the watch for anything which may come within the classification of contempt of court, that is to say, anything said or done in public which may tend to prejudice fair trial, and that anyone transgressing proper principles will be regarded as having been warned and having done it in spite of warning. This applies to both sides.

Now, I think that up to that point—and perhaps my hon. friend has other material which will shed further light upon the matter—but up to that point, if there appears to have been any reason for supposing that contempt of court was likely to take place, the chief of the court might perhaps have been open to criticism if he had not taken the steps that he thought were necessary to ensure that the accused would get that fair trial, to which he is entitled under British justice.

That being so, I am rather at a loss to know what my hon. friend the Leader of the Opposition thinks we can do about the matter in this parliament. Because, as I am sure he is well aware, the administration of justice is wholly the responsibility of the provinces, under the British North America Act; and this statement is objected to, as I understand it, by the Leader of the Opposition as being an improper act in the course of the administration of justice in Newfoundland.

[Mr. Drew.]

Now, it may be that he thinks—and I think he made reference to the fact—that we should make a change in our law to deal with the matter which he has raised in this particular case. In making that suggestion I think the Leader of the Opposition has perhaps overlooked the fact that when we were considering Bill No. 7, an act to consolidate the Criminal Code, we provided in those cases of contempt committed *ex facie*, that is, outside the court, by newspapers, by radio commentators or by citizens, something that had not been provided for before, and that is—

The Chairman: Order. The Minister of Justice is now discussing the Criminal Code. I really do not think I can allow a discussion of this kind under the resolution now before us.

Mr. Garson: May I, Mr. Chairman, on this point of order, make this point clear, that I entirely concur in what you say, Mr. Chairman, that this is all out of order. But if my hon. friend the Leader of the Opposition in what he has said is purporting to discuss anything that comes within the purview of this parliament, then it must be the Criminal Code; because that is the only connection we have here with the question he has raised.

Mr. Drew: The minister has asked two or three questions and made a general statement—

The Chairman: Order. This shows the predicament in which a chairman finds himself in a discussion of this kind. The chairman must wait until he ascertains the purport of an hon. member's remarks, or he might be doing an injustice by interrupting him before he should be interrupted.

On the other hand, after waiting to hear what an hon. member has to say, we find that we are launched on a debate. As I indicated earlier, after I had ascertained the question the Leader of the Opposition was raising, I pointed out that I thought it was not in order on a resolution of this kind, and requested his co-operation.

The debate has now proceeded to some length, and I think it should be terminated. I must now rule that any further discussion on this subject is out of order on this resolution.

Mr. Drew: I am not challenging your ruling, Mr. Chairman, because the matter is before the minister. But I point out, in reference to the comments of the Minister of Justice, that the paragraph which he quoted in full from the *Daily News* of Newfoundland does refer also to the conduct of criminal proceedings. And it was in relation to that part of this particular question that I suggested possibly this might come within the ambit of the authority of the Minister of Justice.

The Chairman: Shall the resolution carry?

Mr. Stick: On a question of privilege—and I do not want to go into the legal aspects of the debate which has been going on for a considerable time—but coming from Newfoundland, and knowing—

The Chairman: Order.

Mr. Stick: On a point of privilege; would you hear my point of privilege before making a decision on it?

The Chairman: Would the hon. member please state his question of privilege; because if he is speaking on the same subject as the previous two speakers I would need to be sure that he is speaking on a question of privilege, and not taking part in this debate.

Mr. Stick: The point of privilege is this, that as I understand the debate that has taken place thus far, the integrity of the supreme court of Newfoundland has been called in question; and I do not want any impression of that kind to be abroad here.

The Chairman: Order.

Mr. Stick: I was hoping the Leader of the Opposition would not say that.

The Chairman: Order: I have listened sufficiently to be able to say I do not think this is a question of privilege within our rules, and I must rule accordingly.

Mr. Drew: Mr. Chairman, on a question of privilege, I would point out that not one word of what I said was in any way a reflection on the courts of Newfoundland. This is the highest authority in Canada, and within the ambit of the jurisdiction of parliament it is for us to say what laws should be passed. My suggestion merely related to the possibility of defining a law which was entirely within the authority of this parliament.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1955, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $263,003,811, being one-twelfth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1955; and

2. The sum of $1,413,731.92, being one-twelfth of the amount of items 19, 199, 202, 203, 218, 221, 223, 225, 227, 231, 431 of the said estimates; as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 465, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

Motion agreed to, bill read the first and second times, by leave, considered in committee, reported, read the third time, by leave, and passed.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF TRANSPORT

443. Departmental administration, $1,456,640.

The Deputy Chairman: We are dealing with item No. 443, to be found on page 59. Details will be found on page 509.

Hon. Lionel Chevrier (Minister of Transport): Mr. Chairman, may I be allowed to take a few minutes of the committee's time to deal now with a number of questions that were asked of me some days ago when we were considering the estimates of the Department of Transport? Some clarification was asked in regard to a number of objects in the estimates, which I had not dealt with, particularly those having to do with increases. I should like to deal with those and other matters arising out of the consideration of these estimates. I was asked for an explanation of the increase of $90,000 in telephones and telegrams. In the statement which I gave on the estimates I referred to the national facsimile circuit established for the accumulation of weather data at Dorval. Inasmuch as this circuit was established during 1953-54, it was necessary to provide funds for only a part of the year, whereas today we must provide funds for a full year's operation, and this accounts for an additional $157,000. Then, too, we must allow for an extra $45,000 for air traffic control purposes in order to cope with the continuing expansion of air transport. These two major increases are only partially offset by the

decrease of $123,000 through the sale of the government telephone and telegraph service.

Then there was the question having to do with the stationery item. There was an increase there of $106,000. A major part of this increase is in the meteorological services, because of two requirements, the necessity of supplying special facsimile paper for national defence equipment and secondly, the need of establishing punch card equipment at Toronto for the compilation of weather data.

The increase in repairs and upkeep of equipment, namely $150,000, was mentioned. Approximately $100,000 of that is because we have more ships. We have added the C.G.S. *d'Iberville* and other ships, and additional equipment repair is required because of that.

An explanation was demanded of the increase of $1,261,000 in deficits. Well, that is due first of all to an increase in two items of deficits. One is $730,000 additional for the North Sydney-Port aux Basques ferry operation, and the other is $581,000 for the Canadian National (West Indies) Steamships.

The hon. member for Vancouver-Quadra made quite a lengthy speech and his suggestion was that the Department of Public Works could do a number of things that were being done by the Department of Transport. If the hon. member had given the matter any reflection I am sure he would not have made the speech he did. I say this of course with all due respect to him because I know that generally he spends a great deal of time not only on the consideration of legislation but also on the estimates. I do say seriously that if he had considered the position at all he would not have made the suggestion he did. I say that for these reasons. First of all, let me deal with the major projects which are under consideration in the estimates. I refer chiefly to the Canso causeway. The Canso causeway is a facility that is replacing the ferry service of the Canadian National which has been in operation there for years. It is a facility that has always been associated with the Department of Transport. These ferry services were becoming obsolete, and the Department of Transport determined that an investigation should be made as to what was the best method of crossing the strait of Canso, whether it was by tunnel, high or low-level bridge, or by causeway, and it was the engineers of the Department of Transport, in co-operation with the engineers of the department of public works in Nova Scotia, who considered the problem.

[Mr. Chevrier.]

The point I wish to make is this. This is essentially a water and railway operation with which we, and I say this respectfully, and we alone are competent to deal, and that is the reason why the Department of Transport has been charged with that responsibility.

The same can be said about the Port aux Basques-North Sydney facilities which, again, are part of a railway and water operation. In fact, the Railway Act says so, and the act of union with Newfoundland said that the movements by sea from Port aux Basques to North Sydney should be considered as a railway operation. That is the reason we have done it.

The same argument is applicable with reference to the two tunnels under the Lachine canal. These are navigational projects and it would be impossible to have that kind of operation entrusted to other departments. This is a Department of Transport operation because the control of the flow of water is involved, though I should not be insisting so much on this because over and above that the statute is quite clear. It is laid down in the statute that this is the work of the Department of Transport. If my hon. friend looks at section 9 of the Department of Transport Act, chapter 79 of the statutes for 1936, he will find this, and I quote:

> The minister shall direct the construction, maintenance and repair of all railways and canals, and of all other works appertaining or incident thereto, that are constructed or maintained at the expense of Canada and are placed under his management and control.

So that there is no doubt about it. Even if the Minister of Transport did not want to do this and wanted to turn it over to the Department of Public Works the act would have to be amended before he could do so.

Furthermore, why should he want to amend the act? Why should parliament want to amend the act? Because there are in the Department of Transport competent engineers whose lives have been spent on such navigational matters. In fact, the deputy minister of transport is a former superintending engineer of the Welland canal. He was there when the Welland canal was built and there is no other man I know of in any of the other departments who has the experience he has had in the construction of canals, locks and the like.

Therefore, I think it would be a retrograde step to refer to any other department the projects that were brought to the attention of the committee by the hon. member. And what I have said with reference to these projects applies with equal force to projects having to do with aviation.

The construction and repair of radio facilities, meteorological facilities and all facilities having to do with the air services branch are of a highly technical nature and I am sure my hon. friend and colleague the Minister of Public Works (Mr. Winters) would agree with me to the fullest extent that this is a matter with which his department is not competent to deal and which should be undertaken by this specialized group.

Again, the matter is clearly set out in the Aeronautics Act, section 3 paragraph (c), which states:

> 3. It is the duty of the minister
> (c) to construct and maintain all government aerodromes and air stations, including all plant, machinery and buildings necessary for their efficient equipment and upkeep;

There was another matter raised by the hon. member. He asked: "Why is the St. Lawrence waterway being built by the Department of Transport?" Well, my hon. friend knows full well that we passed legislation two years ago authorizing the construction of the waterway from Montreal to lake Erie, either in their Canadian territory or jointly between Canada and the United States, by a crown authority to be known as the St. Lawrence seaway authority. Parliament has authorized that construction, not by the Department of Transport, but by the authority in question.

Then my hon. friend raised the question of tenders and stated that the Department of Transport was now the only department where tenders were not opened publicly. There have been reasons for that in the past. I do not know whether these reasons still exist. I personally have an open mind on the subject. It may be advisable to follow the practice which was followed by other departments and it may be well, at some future date, that tenders in the Department of Transport as well as in all other departments should be opened publicly. There is certainly much to be said in favour of that argument, although there are some things to be said against it.

Mr. Green: What can be said against it?

Mr. Chevrier: Many things, but I hope my hon. friend will forgive me if I do not deal with them now. But let me say this. Because of the feeling that exists among certain officers of the department I would like to have this matter studied, and I would like to have a committee of the officers of my department look into it, review it, and report to me so that by the time the next session of parliament comes around we will be in a position to make a decision on it.

Then there was a question which seemed to occupy the attention of my hon. friend and other hon. members in the house perhaps more than anything else. That was the question having to do with the Canadian merchant fleet, and questions were asked repeatedly as to what was being done about it.

Well, I do not think that I should be asked to repeat now what I said during an earlier debate at quite some length, and give the reasons for the action by the government in so far as the fleet is concerned. But I would like to put on record some figures and facts because a number of highly exaggerated statements have been made during the course of the debate on that part of my estimates.

Some hon. members have claimed that the fleet has disappeared entirely. Well, as my hon. friend the member for Vancouver-Quadra knows, and as I am sure other hon. members will admit, this is somewhat of an exaggeration. The figures I have up to May 13 show that there were a total of 46 ocean-going ships on the Canadian registry amounting to a total of 316,911 gross tons. I would also like to add certain other figures because hon. members seem to be of the opinion that that constitutes the entire fleet of Canada. The house knows that is not the case. We have, as I just said, 317,000 gross tons of ocean-going shipping, 181,000 tons in coastal trade, 343,000 tons in lakes and canals, and 479,000 tons in upper-lake shipping, or a total of 1,320,000 tons exclusive of what I am told amounts to about 700,000 tons transferred to the United Kingdom under the transfer plan.

Mr. Green: Can the minister break down the figure of the 46 ships into tankers and dry-cargo vessels?

Mr. Chevrier: I cannot now, but I will put them on the record. Now, dealing a little further with that problem, I would not want the house to get the impression that the government has done nothing for the merchant shipping industry, because the truth is that it has done a great deal. I do not want to repeat what I put on *Hansard* in November of last year, but if any hon. member is interested in the policy of the government with reference to the merchant fleet he can look up my remarks on that occasion.

However, in order to deal briefly and quickly with the position, let me remind the house that we approved a shipping replacement plan which was to allow a measure of relief from the flag covenant. Then we granted the privilege to owners of certain funds held in escrow under the plan to assign them to others. Then for a period of one year we granted a subsidy of $3 million to a number of ships. This was paid to the industry for the years 1949 and 1950. Then

we approved of special transfer arrangements which were agreed on with the United Kingdom authorities, with some difficulty. This year we liberalized the policy governing the use of escrow funds whereby they may now be used outside of Canada.

In November I explained to the house—and I repeat now—that if we were to follow these suggestions made by certain groups outside of this chamber and in it we would have to subsidize the shipping industry to the tune of about $5 million. I think that the minimum number of ships that was taken at that time was, say 50 at $100,000 each, which would mean an annual subsidy of about $5 million. With the position such as we see it today, where costs in Canada and those in other countries including the United Kingdom do not seem to be levelling off, there is no way of seeing on the horizon any end to this subsidy. But even that subsidy, were it alone in itself, might be attractive to the government were it not for the fact that even in the minds of most of the owners these ships are obsolete or are about to become obsolete. If this is so, having subsidized them from an operational standpoint, we would find ourselves in the position of having to subsidize them from a capital or construction standpoint. What would that mean? I gave the figure of $200 million. Does the committee think that figures of this kind would commend themselves to the house?

I am not at all surprised at the speech made by the hon. member for Vancouver-Kingsway who, coming from the city from which the hon. member for Vancouver-Quadra comes, took an exactly opposite view.

Mr. Green: He is a socialist.

Mr. Chevrier: Oh, he does not take that view because he is a socialist. He takes that because he thinks this is protection. He thinks that the time has now come when we should cease to subsidize industry of this kind and when we should cease to bottle-feed certain industries, because that is what we would be doing if we in Canada were to accept the kind of obligation to which I referred. I am not saying now that it is not possible to give some assistance. I hope that it will be possible to give some assistance, as I shall mention later on. But I do not see how this government could subsidize the shipping industry, to the extent that has been asked of the government by the various organizations that have asked for a subsidy, without subsidizing many other industries.

We have been told that we should increase the tariff in order to come to the assistance of a number of other industries. If we do that, I can see no reason why we should not come to the assistance of the shipping industry. However, I am still hopeful that we shall be able to find a method whereby we can be of assistance to the shipping industry. Whether it will be in the form suggested in the policy laid down earlier in November or whether it will be in some other form, I am not able to say at this time. All I can say is that up until now there has been no change in the policy which was announced in November. I should perhaps add to what I have said this comment. That policy is under continual and constant review and I am hopeful that, from the study and review which is being made, it will be possible to assist the industry.

I want to say something about coastal shipping because that is an important matter. It was raised by a number of hon. members. It was said that Canada, for instance, is the only country in the world which permits foreign ships to come in and ply her coastal trade. That is not so. There are many other countries that permit coasting along their shores. In the first place, there are countries such as the United Kingdom, Belgium, The Netherlands, Norway and South Africa which have no restrictions whatsoever and which do not restrict in any fashion whatsoever their coastal shipping. I would not want the committee to think that there is no restriction on coastal shipping in Canada, even with reference to British and United Kingdom vessels, because there are serious restrictions. For instance no foreign ships may engage in our coastal trade but only British ships in the broad commonwealth sense of the word. We have a commonwealth shipping agreement with the United Kingdom and other commonwealth countries whereby there is a certain liberalization of trade between those countries. But the opening of our coasts to foreign ships is restricted. Then, in the second place, even among British ships, ships that are not British built must pay a duty of 25 per cent if they seek to engage in the coastal trade of Canada. As my colleague the Minister of National Revenue knows, this duty runs into a substantial amount of money.

I know that my friend the hon. member for Cape Breton South and other hon. members here are keenly interested in that subject. I also know that it is a serious and complicated problem, because a number of factors enter into it, such as the shipping interests, the shipbuilding interests, and the interests of trade and commerce. Again there is a certain protectionism that enters into this field. I do not think it is going to be possible to get unanimity of opinion, even

among the experts, unless we give this matter more careful study. I hope it will be possible for me to make a statement in the House of Commons at a later date. I hope it will be possible to find a method whereby we can study the whole question of coastal shipping in this country, the effect which the construction of the great lakes-St. Lawrence seaway may have upon coastal shipping, and the effect it may have on the various commodities that move up and down the great lakes and the St. Lawrence river. With that statement I hope it will be possible to allay the fears that have been expressed here and elsewhere.

May I say just one word further. The hon. member for Cape Breton South was extremely generous in his remarks with reference to the Canso causeway and the name for it. This is not the first time the matter has been raised. Then again I think his speech in the chamber has been instrumental in having all sorts of letters and recommendations sent to me with regard to names. I think there is no better name to give to a project of that kind than the name which already exists. While there will perhaps be other recommendations that should be taken greater cognizance of than the one I am going to make, it would seem to me that no better name could be given to it than that of the Canso causeway. The gut has that name. The strait has that name. I think there is even a small port bearing that name. If my recollection serves me right, I think there is a section of railway bearing the name of Canso. That name is found in the whole region. To my mind it would be unfortunate if the name were not carried on in some form.

There is one other thing I should like to say as the result of a remark made by the senior member for Halifax. He dealt with a number of things but more particularly with a matter which I thought deserved some reply, namely, the condition of the lightkeepers in the isolated areas of Canada. I think there is a great deal to be said for what the senior member for Halifax implied in his statements and also what other hon. members have implied with respect to our lightkeepers. I remember a statement being made in the house about the lightkeeper on Sable island by the former senior member for Halifax who is now in the other place. The reason I mention it is that during the Easter recess I took a trip on the C.G.S. *d'Iberville* and visited some isolated spots.

This was the first trip made by the *d'Iberville* this spring for the purpose of bringing supplies to the lightkeepers at Ile Perroquet, at West Point and North Point on the north shore of Anticosti island, and while this was not my first trip to West Point on Anticosti island but my third, I believe, I got a pretty good idea of the life that these people have to lead. I think that we in the Department of Transport will have to give serious consideration to the modernization of the equipment and facilities with which these lightkeepers are called upon to work. Following my visit, particularly the visit I made to lightkeeper Duguay and his family at West Point on the north shore of Anticosti island, I have already asked my officers to give consideration to that suggestion, and of course such consideration will have to apply not only to the one station but to all stations under the jurisdiction of the Department of Transport. I am not making a statement now as to future policy. I am simply saying that we are giving the matter careful consideration. I have spoken five minutes more than I intended to, but I hope I will not have to answer more questions.

Mr. Small: Mr. Chairman, I should like to draw the attention of the committee to the general grade level railway crossing situation today. Owing to the rapid growth of many new communities in the dominion, a program that was planned to remove and correct a menace to travel on our highways has now proved inadequate. Instead of being overtaken, the problem is now getting away from us. More hazards are being created with the increase in the number of level crossings and the sharp advance in the tempo of our national life.

I am measuring the magnitude of this menace in the dominion by knowledge gained through familiarity with certain areas, and I am quite sure that corresponding conditions must exist in other municipalities. The continued and mounting toll of fatalities and of the permanently crippled should be given serious consideration by the house. For example, in the municipality of Scarborough, which forms a part of the ridings of Danforth and York-Scarborough, four persons have been killed and four have been permanently injured since the first of the year. The question now arises whether this condition, which I understand is being reviewed at the present time, has been handled with the necessary energy and determination to overcome an apparent delinquency.

The majority of the provinces have established organizations for the prevention of accidents in industry and on the Queen's highways. They have set up programs to encourage safe driving, and they have provided incentives to use safe methods and processes in the manufacturing and construction industries. However, under the railway level crossing fund administration it appears

to be the formula that a number of accidents must take place at a level crossing before any consideration of the hazards will be undertaken. Their policy is accident accumulation instead of accident prevention by hazard elimination.

This callous indifference to the lessening of the causes of accidents should soon come to an end. Section 265 of the Railway Act, chapter 234 of the Revised Statutes of 1952, provides for the setting apart from the consolidated revenue fund of the sum of $1 million each year for six years, from 1951 to 1957, to aid in the actual construction work for the protection, safety and convenience of the public in respect of crossings at rail level, on the basis of 40 per cent from the fund, 30 per cent from the railways and 30 per cent from the municipalities, the cost not to exceed $150,000 for any one crossing.

I would ask the house to compare the urgent appeals made by the municipalities that greater effort be made to give them more money from the fund to remove hazards with the amount actually spent. As found on page 19 of the 1952-53 report of the Department of Transport, out of the last appropriation of $1 million only $457,000 has been used. Not half of the appropriation provided was used, and even if the whole amount were used it would be insufficient to give the necessary protection, safety and convenience to the Canadian public as set out in the act.

I now ask: Do you not believe that the municipalities have a justifiable complaint against the board's parsimony and indifference? Here is an opportunity staring us in the face to accomplish a twofold purpose.

Mr. Chevrier: Mr. Chairman, may I rise on a point of order. I do not want to interrupt the hon. member. I know he is a new member and I have not interrupted him so far, but I should like to call to his attention that the government referred this whole matter to the board of transport commissioners for study. The hon. member is making a number of recommendations which I am sure are all to the good, but the matter is under review by the board and while it is under review by the board I do not think it should be discussed in the house. The board of transport commissioners has held hearings all across Canada in the course of its highway crossing and grade level investigation. If the hon. member is going to be allowed to make the speech that he is making, I am sure other hon. members will want to do the same thing, and in fairness to other hon. members I think I should raise this point.

[Mr. Small.]

Mr. Green: Mr. Chairman, unless this particular crossing has been actually recommended to the board of transport commissioners and is under study by them I submit there is nothing in the minister's point of order. His estimates contain a reference to the grade crossing fund. It is a statutory item and the only opportunity a member has to discuss it is on the first item of the department. Certainly the minister cannot rise in his seat and say now that because the board is looking into the question of highway crossings nobody can say anything about any highway crossing.

Mr. Chevrier: I said no such thing. May I say that I do not take umbrage at my hon. friend's statement that there is nothing in the point of order raised by me; my hon. friend is free to make that statement if he wants to. But the point I am making is that the subject matter raised by the hon. member is under investigation, and in my humble opinion he has no right to deal with it. He can talk about individual crossings as long as he likes. There is nothing to stop him from doing that, but he is dealing with recommendations to increase the grade crossing fund, to increase the amount of payment, and so on. These are matters that have been given to the board for study, and I do not think the hon. member should do that. If he wants to deal with an individual crossing, let him do so. I think he has done that pretty well.

Mr. Knowles: This is an important point, and I imagine, Mr. Chairman, that you are trying to figure out how you are going to handle it. It seems to me that the point of the rule that we must not discuss matters that have been referred to the board of transport commissioners is that that applies when the matters have been referred to the board for what is in the nature of a judicial decision.

There is no question but that when a matter is before a court for judicial decision, that is sub judice. When the question of freight rates has been referred to the board of transport commissioners, it has been accepted that is in the nature of a judicial decision. I ask you, sir, is a subject matter that has been referred to the board for review a case of seeking a judicial decision?

Mr. Chevrier: It is.

Mr. Knowles: The minister suggests it is. I doubt very much whether you could call that in the nature of a judicial decision. Obviously, the hon. member cannot be prohibited from discussing specific grade crossings, at least I hope not because I have one I am going to talk about. It seems to me he

should not be prohibited from discussing the division of the fund that he thinks should be made.

Mr. Chevrier: If I may be permitted one further interjection, I would say it is not a matter that is referred to the board for judicial decision that should determine the point. The point is the subject has been referred to the board of transport commissioners which, in itself, by statute is a court of record. The moment it goes to the board, then it is sub judice.

Mr. Knowles: Then, you could refer your whole estimates to the board and avoid discussion.

Mr. Chevrier: I do not think we will do that.

The Deputy Chairman: Unless anyone else wishes to speak to the point of order—

Mr. Green: There is this one point. I submit the board of transport commissioners is merely making a study and not holding hearings in any sense of the word.

The Deputy Chairman: I believe the minister has raised a point of order that is going to be extremely difficult to decide. However, it is going to be my duty to make a decision. That the board of transport commissioners, formerly the board of railway commissioners, is a court there can be no doubt. It is definitely stated in Beauchesne's third edition, citation 251, but in another connection. That matters which are before the board of transport commissioners for adjudication are sub judice is also stated quite definitely in citation 252. It says:

> Matters which have been adjudicated upon by the railway commissioners and taken in appeal to the governor in council cannot be considered sub judice while the appeal is pending, because—

Then, the citation goes on to point out that the governor in council acts in an administrative and not a judicial capacity.

I am of the opinion that if the matter is officially under study, whether or not it is adjudication as between opposing parties, by the board of transport commissioners, pending their decision it cannot be discussed here. However, what I do not know, and I am going to be dependent upon the minister and other members of the committee to advise me, is what is before the board of transport commissioners at the moment. My view is —it may be wrong but it is my view until it is overruled—that if there is a general matter before the board of transport commissioners dealing with policy on level crossings generally, I do not think that would stop the hon. member from bringing before the committee the special needs of a specific instance.

Similarly, if the board were holding hearings on a specific instance, I do not think that would stop an hon. member from discussing the administration of the level crossing fund generally. At the moment I am in the position where I shall have to ask the minister or someone in the committee to advise me on what it is that is before the board of transport commissioners at the moment. If both sides to this little argument can agree on that, then I shall do the best I can to go on from there.

Mr. Chevrier: I have to draw on my memory a great deal, but earlier in this session I tabled in the house an order in council appointing the board of transport commissioners to make a study of the grade crossing situation; of the matters incidental thereto; of the problem of railway-highway crossings in Canada, and to hold hearings across Canada if need be in order to determine whether or not the amount appropriated by parliament for the grade crossing fund was sufficient; whether it should be increased or amended; whether the amount paid for each individual project now fixed at a certain sum should be increased, and whether a number of other things having to do with the whole problem, which at that time and even today is causing concern I am sure to every citizen in this country, should be changed; and to make a report to the government. That is so far as I can remember, but I have not the order in council with me.

The Deputy Chairman: Does the hon. member for Danforth wish to add something to that?

Mr. Small: Not any more than to say it has probably accomplished the point I was seeking to make, that is to get consideration of this question. I was not aware that the situation had been referred to the board, because I had been continually requested by the corporation of the city of Toronto and the corporation of Scarborough to bring this matter before the house.

The Deputy Chairman: If the hon. member will bear with my interruption at the moment, I may say that no one seems to have contested the statement of fact the minister has given us. Assuming that the board of transport commissioners is now officially charged with investigating and making recommendations in connection with the handling of the grade crossing fund, I am going to state that in my opinion it is not within our rules for

the administration of this fund to be discussed at this time for the obvious reason that no form of political pressure from here or elsewhere should affect the decision to be arrived at by the board.

In so far as any hon. member of the committee may see fit to bring before the attention of the minister the needs of a specific instance, I cannot see that a general investigation into the administration of the fund should prohibit any member from doing that.

Mr. Small: If I had not been stopped at that particular juncture by the minister I probably would have completed the remainder of my remarks. I would urge that the Minister of Transport amend the act to provide for a much larger appropriation from the fund—

Mr. Chevrier: That is the very matter that is before the board.

The Deputy Chairman: Order. I am sorry, but the hon. member is now doing the one thing which, rightly or wrongly, I decided should not be done. I am going to ask him not to continue to discuss the various types of amendments to the grade crossing fund and matters analogous thereto which are under review by the board of transport commissioners at this time.

Mr. Small: I bow to your ruling, Mr. Chairman. If I were to continue to deal with some specific cases, I would shut off some of the speakers who want to follow and speak in general terms. Therefore, I could leave it until we come to the general item on the grade crossing fund.

An hon. Member: You cannot discuss it there, either.

Mr. Small: There seems to be no place where you can discuss this.

The Deputy Chairman: If my decision is correct, that is also a correct statement of fact. The hon. member is speaking to the general item, and it is not necessary for him to resume his seat if he has other remarks to make pertaining to the Department of Transport.

Mr. Small: The problem I have is one shared with the hon. member for York-Scarborough. Within the municipality of Scarborough there are some 82 level crossings that are causing some concern. Of these about 30 can remain as they are for some considerable time because they have not been causing too much trouble. There are 52 of them which remain in the position of needing immediate consideration. The people in that locality are quite alarmed by the situation that has developed in the last two or three years with the expansion of their community and with new centres opening up. There are seven or eight grade level crossings requiring underpasses or grade separations. There are 26 or 27 requiring signals and another 22 requiring bank reduction and site line clearance and realignment of grades.

The fatalities there are mounting year after year, and naturally the people are becoming alarmed. They want to have some action taken. Their grievance is that an insufficient amount of money is being allocated to take care of their needs. The action taken to review the situation has taken too long. Instead of having this condition prolonged, they want to have something done about it immediately.

The city of Toronto is in a somewhat different position. In that city there are four or five large projects, one of which is at Pape avenue, another at Greenwood, and another in the west end at Symington avenue. These will cost in the neighbourhood of $800,000 or $900,000 each, and the board supplies only about 40 per cent of $150,000. It does not begin to come anywhere near the amount required to remove the hazards there. The province generally gives some further assistance perhaps to the extent of 40 per cent of the balance, which is required to take care of its end of it. These people are alarmed by the length of time it is taking the House of Commons or the board of transport commissioners to come to a decision to make larger appropriations.

Therefore I broach this subject, as part of a broad discussion of a condition which applies in the whole dominion. I have tried to tie up the local situation with the over-all picture, and I say the minister should recommend that something be done about it immediately, as the review cannot be completed for two or three years. Because of the growing menace in that area, something should be done.

In what I have said I have tried to avoid any contravention of the rules of debate. The matter is most serious, and we are asking that action be taken to terminate this situation.

Mr. Chevrier: I should like to say a word in reply. I am sure the hon. member is not conversant with the facts because, if he had been, I do not think he would have suggested that there has been any laxity, either directly or indirectly. On the contrary the city of Toronto has had more grade crossing projects approved by the board of transport commissioners than any other city in Canada. Certainly the amount paid out of the grade crossing fund to the province of Ontario far

surpasses that paid to any other province; and the city of Toronto gets the major part of it.

It had been brought to my attention by the hon. member's predecessor that there are a large number of grade crossings there. But my hon. friend should remember that it is not the department that makes the decision. It is the court. The board of transport commissioners must sit and hear the evidence. Then, having heard the evidence they must determine whether or not the elimination of the crossings is warranted, having regard to all the circumstances. When that is determined, then there must be an apportionment of the cost as between the railway or railways concerned and the municipality.

While I have not before me the position with respect to the particular crossings to which the hon. member referred, I think he will find that the city of Toronto has been pretty well looked after by the board of transport commissioners, having regard to the very small amount of money that is in the hands of the board from the grade crossing fund.

Mr. Small: Replying to the minister, I would say that that is just the crux of the whole matter. It is not that I want any greater consideration for the city of Toronto or the municipality of Scarborough. That is beside the point. I have pointed out the general picture, and I am appealing to the committee so that it may place more money in the fund. This would be an opportunity to take care of unemployment.

Mr. Chevrier: That is a matter the board is looking into, sir.

Mr. Small: But the people can starve while they are looking into it.

Mr. Carter: Mr. Chairman, I should like to take a moment or two to express my thanks to the minister, his colleagues in the government, and the officials of his department for the many improvements, particularly in aids to navigation, which have been carried out in my own province since confederation.

Most of the lighthouses and fog stations have been renovated, and new machinery has been installed. In addition, in my own riding, two new radio beacons, two new fog stations and several new lights have been established. I am sure my constituents would want me to express on their behalf their appreciation for these improvements.

Although much has been done, much still remains to be accomplished. Newfoundland has probably more coast line than any other province in Canada. The island of Newfoundland has more than 2,000 miles of coast line, and Labrador has over 1,000 miles of coast line, making a total of well over 3,000 miles altogether. Most of this coast line is studded with treacherous rocks and shoals; and it should also be borne in mind that, so far as my riding is concerned, navigation is rendered extremely difficult because of the prevalence of dense fogs or snowflurries during the greater part of the year.

In terms of tonnage, traffic may be very small; but in terms of the number of small boats and human lives involved, it is great indeed. There are more than 50,000 people in my riding, and 80 or 90 per cent of them derive their living from the sea. Human life is precious, however lowly the occupation may be. The saving of a single life more than offsets all the expenditures that have ever been made or ever will be made in the future in this connection.

We need more lighthouses, especially those in the form of light and whistle buoys, which are particularly suited to the conditions on our coast. I understand the establishment of these lights and whistle buoys have been retarded chiefly because the Newfoundland branch of the Department of Transport has no ship at the moment large enough to handle them.

I would draw the minister's attention to the very great need of such a ship specially adapted to and suitable for the handling and servicing of these light and whistle buoys, so that these extra aids to navigation may be provided as quickly as possible.

I have a very special interest in fog stations, because I spent the greater part of my childhood in one, and I always make a point of visiting them whenever I can. In my travels around my riding I have discovered some lack of uniformity in the grading and classification of these stations, and the salaries allocated thereto. I understand a program of reclassification is now under way, and I hope it will be completed and implemented at as early a date as possible.

In conclusion I should like to express my appreciation to the minister and his officials both here in Ottawa and in Newfoundland, for the sympathetic understanding and the co-operation I have always received from them.

Mr. Argue: Mr. Chairman, the matters one can discuss on this general item are of great importance to the people of Canada generally, and particularly to those of western Canada.

The matter of freight rates across the nation has always been a very important subject, and has usually been contentious. A royal commission inquired into the general freight rate structure and the general freight rate policy, and a report was made in 1951.

Since then the board of transport commissioners has been endeavouring to carry out the recommendations made by the royal commission on transportation. The recommendations of that royal commission could be summed up in one sentence, namely, support of the principle of equalization of freight rates.

Since that time the board of transport commissioners has taken steps toward equalizing freight rates across the country. Those of us who come from western Canada particularly are very grateful for the extent of equalization that has been brought about. As the minister himself pointed out on an earlier occasion, the class rates have been made more equal by a reduction of 5 per cent in western Canada and an increase of 10 per cent in eastern Canada. The question of transcontinental rates was dealt with by the commission in the one and one-third rule, and that has been of benefit to the people on the prairies.

Another of the recommendations was the $7 million subsidy to help bear the cost of maintenance of railways in that area of northern Ontario that has so little revenue-producing freight. The step in providing the $7 million subsidy was a very important departure from general policy up to that time. I should like to point out to the minister that the benefit he told us had resulted from the $7 million subsidy, namely, a reduction in east-west rates by about 8 per cent, can easily be taken away by action in some other way or by action in another department.

I should like to bring to the attention of the minister the fact that since this subsidy was inaugurated there has been a reduction of 7 cents a bushel on grain coming through Fort William and Port Arthur. That is equalization in reverse. That, in my judgment, is the very opposite type of policy to that which was set forth in the recommendation for the payment of the subsidy; and if one multiplies the 7 cents a bushel with the quantity of grain coming through that route, it is easy to see that the result is a cost to the prairies more than twice as great as the benefit coming from the $7 million subsidy.

One of the things that has disturbed me over the last few weeks and months is the continuing suggestion by people in responsible positions that there may be a change in the Crowsnest pass rates. I should like the minister to assure us that no consideration is being given to a change in those rates that would result in an increased burden on the people of western Canada. One of the recommendations of the royal commission on transportation was that the Crowsnest pass rates should not be tampered with. Since that time, as was pointed out in the *Financial Times* of May 21, the board of transport commissioners on February 15 referred to—and this is in quotation marks—the abnormally low statutory rates on western export. The writer of this article, whether he has reason for his speculation or not, goes on to say that consideration is being given to a change in the Crowsnest pass rates. I am hopeful that the minister will give the committee and western Canada the assurance now that no such change is contemplated.

In his recent address to the shareholders of the Canadian Pacific Railway at the annual meeting, the president, Mr. W. A. Mather, dealt at some length with the question of the Crowsnest pass rates, and as one would expect, he criticized them very severely. I think his criticism was well answered by the minister at page 3124 of *Hansard* of this session when he said:

> The railway business is dependent upon the general activity in transportation services in the country as a whole.

Therefore, any drop there may be in revenue for the C.P.R. and the C.N.R. is not because we have the Crowsnest pass rates, but merely and solely because there has been a drop in general freight revenue. It is easy to see the advantage of the Crowsnest pass rates in western Canada when one compares, for example, the lake freight rate for the shipment of grain that prevailed in 1936 with the rate that prevails today. In 1936 the rate was 4⅞ cents per bushel; the lake freight rate today is 14½ cents per bushel. The rate has increased three times since 1936. This increase in lake freight rates and in ocean freight rates has meant a lower price to the producers of grain. In the face of these other very substantial increases in the cost of moving grain to the markets of the world, I am hopeful that the government will continue its present policy of maintaining intact the present Crowsnest pass rates, and will resist the pressure that is being placed on them apparently by the railway companies, the C.P.R. in particular, and will say no to any suggestion that the Crowsnest pass rates be increased.

As I have said, I believe the minister pointed out very well the reason for any decrease at the present time in railway revenues, namely, the decrease in the general freight traffic. As a matter of fact, any time that the railways have hauled higher than average quantities of grain at the so-called low Crowsnest pass rates, in those periods of time the railway companies have made their largest profits. Nothing will convince

the people of western Canada that any tampering with the Crowsnest pass rates is justified.

As I said, Mr. Chairman, I am hopeful that the minister will quell those rumours now and give us the assurance that no consideration is being given to a change in those rates.

Mr. Nowlan: At the outset I should like to express my appreciation to the minister of what he said a few moments ago with respect to his trip along the coast and the reaction that he got to the services being rendered by lighthouse keepers at various isolated communities, of which we all know. I am sure it is an expression that will meet with the approval of the public generally. It is something which is tardy in recognition, and I am very glad that the minister has taken the position to express the views which he did this afternoon.

The other night the senior member for Halifax referred in some detail to facilities at the port of Halifax. Since he represents the city of Halifax, this naturally comes especially within his prerogative. But Halifax is also the great port of the province of Nova Scotia, one in which we all have a great interest, and I want to refer for a moment—and I shall speak only briefly—to the situation as it exists there.

Everyone knows that the port of Halifax is one of our great winter ports. It has also developed a very great summer import trade as well, because Halifax is a port of call for New York ships and others and there has been a demand for increased facilities there.

During the last year or so we have had a situation where the ships have had to lie in the stream for as long, I am told, as three days before obtaining dockage facilities in order to unload. Needless to say, shipping lying in the stream is an expensive matter; it can amount to as much as several thousand dollars a day. In order to cope with that situation we require additional facilities. I believe when the port was first envisaged many years ago there was a provision made in the old blueprint for the construction of pier A as a sort of twin to the existing pier we have there now. I know that that matter has been brought to the attention of the minister by the voluntary commission representing the business interests in Halifax, and I hope the minister and his department will be able to provide funds in the estimates so that construction can be commenced on that project in the very near future.

As the minister knows, pier 34, which we have there now, was considered to be a temporary structure but it lasted for a very long time until a locomotive engineer became exasperated and drove his engine right through so that it went right through the floor and by the time it was dug up the foundations had been irreparably damaged.

Now we are deprived of pier 34 and we have additional shipping to handle and we require not only an additional pier but the present pier facilities extended and the building of additional sheds. In fact a long-term project should now be brought forward for the development of the port of Halifax, and I simply want to put myself on record as being thoroughly in accord with that. I hope that the minister, with the speed with which he is known to act, particularly when he knows that he has public opinion behind him, will examine these matters and push through the completion of this project.

Although it is true that imports through Halifax port have been increasing yet I think the situation with respect to exports of Canadian goods through Canadian ports is not entirely a happy one. The minister has already heard me speak on this subject and I know he has said: "Well, what can I do about it?" That is the question, and if he asked me now I do not know that I would be in a position to give him a categorical answer, but I know he is cognizant of the problem and I would urge him and his departmental officials to do all in their power to improve the situation.

Two years ago I put the figures on the record with regard to the export of Canadian goods through Canadian ports and I do not want to repeat these now. But I have one or two cases which are a striking illustration of the situation and I would like to put them on record.

For example, though we only have official figures up to 1952, it can be shown that in 1950 the number of Canadian automobiles exported through American ports amounted to 23,046 and the number exported through Canadian ports for the same year amounted to 11,227, or roughly in proportion two to one. That means in effect that for every car exported from Canada two went through an American port for every one that went through a Canadian port. I will not put the figures for 1951 on record but the proportion amounted to five to one which means that for every five cars exported through American ports only one went through Canadian ports.

In 1952, 71,361 cars were exported through American ports and 8,406 through Canadian ports or a proportion of nine to one. If you want to consider automobile parts in 1950 it will be seen that more were shipped through Canadian ports than through American ports, but in 1951 the proportion was

two to one through American ports and in 1952 the proportion was three-and-a-half to one in favour of the American ports.

The same thing can be said as regards farm machinery. The figures are almost exactly the same for there was a proportion of one-and-a-half to one through Canadian ports in 1950 and over five to one in favour of American ports in 1952.

Now, I know one can say, "well, that is business. What can we do about it. Do you suggest we bludgeon business into moving freight through Canadian ports?" I am not suggesting that, but I do suggest that some steps could be taken.

The automobile industry is an example of one which is prospering greatly through a national policy of which I do not complain, but I do say that a national policy should work both ways and if industry can prosper under such a policy then that industry should utilize Canadian ports and Canadian facilities as far as possible so that we may be able to build up a balanced economy.

It is a rather striking thing that other industries have apparently been able to use Canadian ports. For example, the International Nickel Company which, I imagine, is as well-managed as any other company, has increased its exports through Canadian ports to a striking degree during 1951-52. They have not found it necessary to use American ports. In addition, the great paper industries export through the Canadian ports and their exports recently went up from 3,900,000 hundredweight in 1950 to 8,819,000 hundredweight in 1952.

Some of these, of course, depend on port facilities and the places to which the goods are being exported, but if Canadian industry generally can find it profitable and advantageous in their international trade to use Canadian ports then I think that some fairly strenuous suggestion should be made to some of the other companies which for some reason have not seen fit to use Canadian ports and in fact almost ignore them completely.

The minister some time ago, and the hon. member for Halifax the other night, mentioned the work done by the department in maintaining the Canadian National steamship freighters and we are glad that that has been done. The old "Lady" boats were probably obsolescent, but they served a useful purpose and we are glad to see that Canadian National freighters are still operating, and that the minister has been able to play a part in their maintenance under the aegis of his department.

However, I do think these facilities should be extended. After all, if we are going to develop this nation, the outer periphery of it as well as the centre, then the government must spend money even if it means subsidization in order to build up our economy.

In this connection I am thinking particularly of the maritimes and the shipment of agricultural goods to, we will say, Venezuela which is a country on the gold standard and therefore without any dollar exchange problem. Venezuela, for instance, would like to buy through Nova Scotia anything up to 3,000 or 3,500 cases of eggs per week. The market is there, indeed a very considerable market, and what we require now are steamships and refrigerating services which can be operated through the port of Halifax direct to Venezuela. As it is today the progressive producers are going as far as they possibly can and adopting methods of transshipment sometimes through the port of New York, unloading them there by truck, and then putting them on ships through American harbours and shipping them to Venezuela. That has been done with several carloads within the last few months and it justifies the existence of that market but it is only an indication of what could be done if additional facilities were provided and we could ship direct to South American and West Indies ports generally, for these markets are of great value to the maritimes.

I think there are real opportunities for development there. We need regular services for freight, including refrigerator services, as well as passenger services. The Canadian National Railways have pioneered services through there to a certain extent and I can appreciate the fact that there have been great difficulties in so doing but a trade such as this is something that should be extended.

The minister will probably find that from an operating standpoint there would be a deficit on the first year. I do not know about that, but I do know that the money would be returned to the national economy. On balance it would be very much worth while and an expenditure which I think is more than justified.

To revert again to Halifax for a moment, when the minister was raising the point of order with my hon. friend about the grade crossings a little while ago I was reminded of another matter that I do not think comes within the jurisdiction of the transport commission and I doubt whether it comes within the grade crossing fund. However, I know it is a matter which has been brought to the minister's attention. I am sure it is going to be brought to his attention and to that of other ministers in the immediate future. I refer to the drastic situation which the people of Halifax face in so far as so-called bottlenecks are concerned.

The minister knows full well of the situation at Halifax, which is situated on a peninsula, where two main arteries coming out of there both have railway crossings. If something were to happen there, such as a bomb being dropped, you could have possibly 100,000 to 150,000 people sealed off thereby. So far as the Minister of Transport is concerned, while it may be a matter for civilian defence, it comes to a certain extent within his purview with respect to grade crossings. It is a matter which is attracting a great deal of attention at the moment. Halifax is certainly a city where, unfortunately, if we were ever to find ourselves in another war the people would be in a most vulnerable position. Even with regard to the explosions which took place in the dockyard at the end of the last war, in that city there was created a situation which could easily have got out of control. It is beyond the scope of the municipality and of the province. It is a matter which, as I said, must be dealt with. I believe it will be under review in the not too distant future. I mention it now as something which concerns not only the city but the province as a whole.

Much has been said about the Canadian mercantile marine. I notice that the minister said this afternoon that he hoped that some time in the near future—I gathered it might perhaps be before this house rose or at some early date—he will be in a position to make a general statement, in view of the development of the St. Lawrence waterway, with regard to the whole situation.

Mr. Chevrier: May I just make it clear that the statement I had in mind concerned the restrictions on coastal trade and not on the other matter, although I said that the other matter was under review. I do not want to be misunderstood.

Mr. Nowlan: I thank the minister for what he has said. With respect to coastal trade the situation is a difficult one. I realize that the co-operation, shall we say, with regard to commonwealth and British ships along the coast is a matter of policy which is to be reviewed in the over-all picture. It is possible that the minister will say that this criticism is not well founded. I have drawn it to his attention before and I have had it drawn to my attention again by captains in the coastal trade who, rightly or wrongly, believe this and I believe some explanation should be given. They complain of the fact that the other boats coming in—British boats —do not have to comply with the provision of the steamship inspection act, whereas they are obliged to do so. They contend that the cost of that inspection service, having regard to the relatively small amount of revenue which they derive from their annual business, puts them in a most unfortunate position regardless of the difference in salaries and other costs and operating expenses. One captain told me that in his boat the costs made a difference of $10,000 a year, in connection with his complying with that inspection service. Their argument there is that if other boats take part in the coastal service, then at least they should be in the same situation and under the same regulations, and that if others are not forced to comply with these regulations, they should not be obliged to do so.

Speaking of the steamship inspection service, Mr. Chairman, I should like to express my appreciation again to the minister—I do not want to be too thankful and too complimentary this afternoon—for the co-operation he showed in a matter which I raised. Under the provisions of the act I think unfortunately —at least I say that I did not notice it in the act or I would have questioned it at the time—a certain situation has arisen. Now boats of over 15 tons come within the provisions of this inspection act. In Nova Scotia we have had a situation where small fishing boats, motor boats, just over 15 tons have been ordered ashore. Sometimes they have been ordered ashore even at the busiest season of the year, and have been told that they have had to undergo renovations and repairs running into thousands of dollars before they can operate again. I must say that when one particular instance was brought to the attention of the minister he acted most co-operatively and at least avoided any injustice being done for the particular season and permitted the boats to continue operating. Otherwise they would have lost practically all the money they would have earned that year.

I think that provision is too far-reaching. I hope the minister will at least have the regulations relaxed in so far as the statute permits. After all, these men going out in these little fishing boats—they, their fathers and their grandfathers have been doing it for three generations—do not intend to drown themselves or get drowned. They go out in the morning and come back at night. I am speaking now of the small fishing boats on the Nova Scotia coast. Their fathers did it and their grandfathers did it. They do not think they have to have lifeboats with copper water tanks and a whole lot of the other things they might need if they were carrying passengers or were pleasure boats or were going out to sea for two or three days. They have shafts in their motor boats of $3\frac{3}{4}$ inches. These motor boats with these shafts have carried them and their fathers back and forth

for twenty years. They do not see why they should take out these shafts and put in 4½ inch shafts at consequent expense. Because this act now applies to everything over 15 tons, I think it is creating a hardship among fishermen operating in these smaller boats. I know that the minister has adopted a most reasonable attitude in connection with other matters that have been brought to his attention. I hope the regulations can be systematized and regularized rather than having to deal with them on an individual basis.

There is one other thing I wish to mention. I was reminded the other day of the battle of the Atlantic. I was thinking of Halifax harbour, the traditions of the harbour, the physical layout of it and particularly of the little island in the centre of the harbour which is known as George island. There may be jealousy between Saint John and Halifax, between Halifax and Vancouver or between east and west but I do not think there is any jealousy of the fact that in the minds of most Canadians Halifax is associated with the navy, the navy tradition and the tradition of the mercantile marine and that Halifax in time of war, at any rate, is looked upon as one of the great traditional fortresses of this country and one which, from the standpoint of service in the Atlantic, has a tradition of service which is recognized by all of Canada and of which Canada is proud.

In this harbour we have this little island known as George island. I suppose it is a matter of historic sites and monuments more than a marine matter. However, the control of that island lies between the Minister of Transport and the Minister of National Defence. They have both used it in connection with transport facilities and it was also used in the old days as a magazine. In New York harbour, for instance, there is the statue of liberty. In Gloucester harbour there is the great statue to the fishermen who have died in the course of going out and maintaining the tradition of that port. It seems to me that it would be a happy thing indeed if on this island, which is no longer of any use to the Department of National Defence or to the Department of Transport, there could be erected a memorial of some kind in which all of Canada would join, in this great port which typifies all of the traditions, as I have said, of seamanship in Canada of which all of Canada is proud.

Mr. Nicholson: Mr. Chairman, earlier in the session I placed on the order paper a resolution calling for the increasing of elevator space and port facilities at Churchill, but before I had a chance to have this resolution debated the minister was kind enough to announce that the facilities were being doubled. At this very late date I must thank him for such prompt action. I may say that his announcement was made just prior to Christmas. It so happened that I had made a tour from Churchill through Hudson bay to the United Kingdom last fall, and some of my friends were kind enough to give me credit for the announcement. Members of the house who know how difficult it is to get the government to accept resolutions even when we have very good arguments will know that I cannot claim the credit for this decision.

I do not expect that during my lifetime Churchill will become as large as Montreal, Halifax or Vancouver, but the Canadian people have an investment of over $50 million in the railway and the harbour facilities and I think it is in the interests of Canada that we give this development a fair chance. I must express my appreciation to the minister for the sympathetic consideration which has been given since he took over the department. Some years ago we had a Saskatchewan homesteader in the person of Mr. Dunning as minister of transport, but although he was from Saskatchewan I do not think he gave Churchill and the Hudson bay route the sympathetic consideration that the present minister has.

However, there is one matter that I should like to bring to the minister's attention. On the 18th of February his colleague, the Minister of Trade and Commerce, announced a differential that is really going to place Churchill at a great disadvantage. As of the 18th of February wheat was being offered at Fort William at $1.79, at Vancouver at $1.86 and at Churchill at $1.88. It was not possible in February for wheat to be sold for immediate delivery out of Churchill, and the minister did indicate that the matter would be reviewed later. I think he will appreciate my position as a farmer at Sturgis. Some of our wheat moves to Churchill and some to Fort William. Wheat moves to Churchill at an 18 cent rate and at a 20 cent rate to Fort William. I think it is unreasonable for the wheat board to offer wheat moved from Sturgis at a price of $1.88 at Churchill and $1.79 at Fort William.

I know it is an accident that the Minister of Trade and Commerce happens to come from Port Arthur, but it is a fact that he does come from there and I want to suggest to the Minister of Transport that he keep a very watchful eye on the price at which wheat is offered at Churchill when ships are in a position to move in and out of the port. As I intimated earlier, I travelled from Churchill to London on the S.S. *Begonia*. The captain of the ship had come into the

port of Churchill on half a dozen occasions, and with radar, the gyrocompass and the excellent aids to navigation provided by the Department of Transport Captain Reekie indicated that it was quite safe to go into Churchill, that it was no more hazardous than to go into Montreal.

I think there are two things that are important. I think we should have more cargo coming into Churchill so that the people who live on the plains may have the advantage of the short rail haul and be able to get goods from overseas markets by the most direct route. As I said, we want to make sure that the increased facilities will be used to capacity. I have one further suggestion which I think will provide a little additional revenue. I do not expect that in the very near future there will be a large volume of passenger traffic through Churchill, but most of the ships that come there have accommodation for some passengers. The cargo ships that move out of Halifax and Montreal carry a great many people who prefer to travel on cargo ships because they get away from the noise and crowds of the passenger ships.

Last year I found it very difficult to get information as to what ships might be sailing, when they would be sailing and whether or not there would be accommodation. It so happens that the railway line from The Pas to Churchill is operated by a separate branch of the Canadian National Railways. The C.N.R. employees where I live are very co-operative but they did not seem to have information as to when ships were sailing and whether there would be accommodation. In my opinion it would not cost very much to have a better liaison between the national harbours board at Churchill, the Hudson bay branch of the railway and the Canadian National Railways. If a ship were coming into Churchill with accommodation for ten passengers that information could be made available to the C.N.R. passenger agency in Winnipeg and in turn to their branch agencies throughout the west.

As I said, I do not expect that there will be thousands of people wanting to travel by way of Churchill, but having crossed the Atlantic on several occasions by way of Montreal may I say—and I do not think I could be accused of being partial—that I never enjoyed an ocean voyage more than the restful trip from Churchill to London, England, which took seventeen days. Therefore I hope the minister will be able to make arrangements so that Canadian National Railways can make available to prospective travellers information as to the cost and the possible dates that ships may be sailing from Churchill.

Mr. Quelch: I am somewhat concerned about the question raised by the hon. member for Assiniboia with respect to the Crowsnest rates. I am a little bit afraid that some of the opponents of those rates may say that only one or two members of the House of Commons made any protest against changing them. Of course the reason that only one or two members are protesting is the fact that no measure is before the house proposing a change in these rates. On the other hand, I am satisfied if any measure were brought in to make a change in the Crowsnest rates every member from the prairie provinces would rise and protest, and I think that we can promise the minister one of the bitterest fights the house has seen for many years if such a measure is introduced. The hon. member for Assiniboia asked the minister to give the house the assurance that the government is not considering any change in these rates. I think we would appreciate getting that assurance from the minister—

Mr. Chevrier: It will not be difficult.

Mr. Quelch: —because we could not hear what he said before. To us he seemed to be whispering. I wish he would give us that assurance in a more audible voice at this time and in that way save a lot of debate.

Mr. Chevrier: I can tell my hon. friend immediately that he can cease worrying at once because there is nothing before the house, nothing before the government and certainly no change in the position which I announced earlier so far as the Crowsnest rates are concerned. I do not know what may have brought this about other than the fact that the railways may be losing money on the movement of grain through the Crowsnest pass. I mean comparatively speaking in so far as the rates for the movement of grain elsewhere are concerned.

Mr. Quelch: But actually there is no loss of money on the transportation, is there?

Mr. Chevrier: I asked my officers to get a statement I have in my office. With it I could have dealt with the matter more intelligently, but unfortunately I am not able to get my hands on it. Perhaps that is the basis for the fear that hon. members have in their minds. I hope that I can put something on the record at a later date. In any event, even if that were the position and it was found necessary to give some attention to the problem, there is certainly no intention of amending the act. Certainly no consideration has ever been given by the government to amending the act. If that will allay the fears of my hon. friends, I am happy to give that assurance right now.

Mr. Hamilton: I was extremely interested, Mr. Chairman, this afternoon in hearing some of the remarks of the Minister of Transport concerning the jurisdiction which he and his department had over the canal system of Canada, and the deft way in which he made it quite obvious to us that he and his department controlled the canals of Canada. It brought to my mind the desire of those of us on this side of the house to have an excellent corps of people behind us to do research, to dig out facts and to develop arguments so that we could always be as accurate as the minister.

I had a little premonition that perhaps the statement was not technically and completely correct. I know the minister felt it was. I went upstairs, and the first thing I did was to look up the item in the act that gives him the power. The item is very definite and says that the minister shall have the management, charge and direction of all government railways and canals, and of all works and property appertaining or incident to such railways and canals, etc. Then, I leafed through the first 786 pages of the Canada Year Book looking for something I had seen there before and I found this at the top of page 786:

> Under the jurisdiction of the federal Department of Public Works are the St. Andrews lock (length, width and draught, respectively, 215, 45 and 17 feet) at Selkirk on the Red river, Manitoba, and the lock at Poupore, Quebec.

I mention this not really to niggle away at the minister at all, but just to point out how easy it is for even experts like the Department of Transport to lose a lock in a canal, and to tell us that everything comes under their jurisdiction. Then, suddenly, we find something that is a fair size—after all, something 215 feet long, 45 feet wide and 17 feet deep is not something one tucks underneath an arm. You would think someone would know about it, but apparently somehow it slipped away from the Department of Transport into the Department of Public Works. I think it points up, Mr. Chairman, not only the care with which we have to examine all statements that are made in this house, but the impressions that are left with us and even sometimes the wording of an act.

It points up also some of the inconsistencies in these government operations. Could anything be more foolish, could anything be more senseless, than that the Department of Transport should have jurisdiction over practically all the canals and locks in Canada except two, one out in Manitoba somewhere and the other down in Poupore, Quebec. One can see how this would gradually drift so that eventually the two departments perhaps would each have an interest in the canal. Before we know it we could get into quite a confused situation.

Most of all, Mr. Chairman, it points up the minister's diatribe this afternoon in answer to one of my colleagues who had made a suggestion that was not based on the facts of the case, and then the minister indicated that he was the sole person responsible for canals and locks in Canada. The minister was arguing from facts which were not quite correct, and I have cited my authority for stating that.

Then again, I cast my mind back, Mr. Chairman, to a rather innocent question I asked of the minister a while ago. It appears in *Hansard* for April 14, 1954, page 4074. The question referred to something called the Wellington street tunnel in the city of Montreal. I remember at the time the chuckles that arose, and the smile on the minister's face, when he good-naturedly and I presume also seriously, pointed out twice in the course of about four sentences how the member for St. Ann had raised the same question previously in the railways and shipping committee. The only trouble was, you see, Mr. Chairman, that despite the fact I had carefully telephoned the minister's office and given him an indication I was going to ask this question, this was another case where somehow the cogs had slipped a little. We were not talking about the same thing, although my question was quite clear. The minister indicated it had been discussed, and something vaguely relating to the subject had been discussed. As a matter of fact, it is rather amusing. The committee evidence at page 110 shows that the member for St. Ann had questioned the replacement of the tunnel on Wellington street between Congregation and Richmond. He said:

> This tunnel is over 80 years old.
> Mr. Gordon: You mean bridge?
> Mr. Healy: It is a subway.
> Mr. Gordon: An overpass.
> Mr. Healy: Yes, that is right.

So, they finally decided it was an overpass. They reached agreement on the overpass. An overpass is something that goes over, Mr. Chairman, it carries traffic over and a tunnel is something that goes underneath.

An hon. Member: No.

Mr. Hamilton: Well, I think it is necessary to point that out because obviously the minister had missed the import of this particular question. I would point out, just so he can dig back into the facts, that I was talking about what is very commonly known in Montreal, and by the people who deal with it, as the Wellington street tunnel. The Wellington street tunnel is about a half mile removed from the project to which he referred in his answer and it goes underneath the canal. It is a very sizeable operation. I would still like, at some point, to get an

answer to my quite legitimate question asked of the minister in this house on April 14, and I hope perhaps without the levity that marked that occasion.

Turning for a moment, Mr. Chairman, to the airports of Canada, may I say that the transportation of passengers by air in Canada has had a tremendous growth in the past 10 to 15 years, as I think all of us know. Perhaps it is well to remind ourselves, however, that in 1941 Trans-Canada Air Lines carried some 103,000 passengers, and in 1952 it carried more than 10 times as many, 1,133,000 passengers. All air lines combined in 1941 carried 181,000 passengers, and in 1951, 10 years later, carried 1,789,000 passengers. Up to now the air transport industry has had a phenomenal record, and with the growth and development of tourist flights as well as the other innovations that are being introduced, we can expect it to grow steadily and rapidly.

But, Mr. Chairman, we do not find that adequate facilities exist at the present time to compare with the quick moving steps that are being taken by that industry. Let me make it quite plain, sir, that I am making a difference here between such things as landing strips and equipment of the airport, with which I am not concerned, and the passenger facilities at the airports, with which I am concerned. I have a reasonable acquaintance I think, though perhaps not as extensive as the minister's, with Canada's airports, and they are shamefully inadequate in almost every case. In fact, I think the minister recognizes this because he was quoted in *Canadian Aviation* magazine, which is a recognized trade paper in the field. In the issue for March of this year—

Mr. Chevrier: I do not think, even if the hon. member will quote what I said, that I used the word "shamefacedly", which is the expression he used.

Mr. Hamilton: I was coming to your quotation.

Mr. Chevrier: My hon. friend has said that I have already admitted that, as he put it, airport facilities are shamefacedly lacking in Canada. If that is the statement my hon. friend has made, then I am afraid I have to deny it.

Mr. Hamilton: Mr. Chairman, there is a terminology in use in radio in which you say, "I did not hear you properly; will you say it again." I think that in this case that is what has happened between the minister and me. I did not use the word "shamefacedly". I said—and I think perhaps the record will show it—that Canada's airports—and these are my words, this is my interpretation, and as a result of my experience—that Canada's airports are shamefully inadequate in almost every case.

Then I went ahead to say that I felt the minister perhaps recognized this, and then I was going to go ahead and—

Mr. Chevrier: Mr. Chairman, on a point of order. I am not going to allow the hon. member to put words in my mouth, which he has no authority either directly or indirectly to do. If my hon. friend is resorting to a trick, then I am sure this is not the place in which to resort to it. He may use his own words, if he wishes, and he may quote me if he wishes; but he certainly should not leave the innuendo here that I have admitted that airport facilities of this country are shamefacedly lacking—because I make no such admission.

Mr. Rowe: He did not say "shamefacedly"; he said "shamefully."

The Deputy Chairman: Order. I do not think there is any necessity for this little interchange to go farther. I would say here that I do not think it was the intention of any member to resort to a trick, and I do not think it was the intention of the hon. member for Notre Dame de Grace to misquote the minister. I listened carefully to what the hon. member said, and he made it clear that he was putting the words in his own mouth, when he was indicating the situation. Then he went on to say that he believed the minister recognized the situation as such; and the minister has made it clear that he has made no such statement, which the hon. member for Notre Dame de Grace must accept.

However, I think in fairness to the hon. member who has the floor, I should point out that he was interrupted in the middle of a sentence, and that he proposed to go on to quote words the minister had used, and which of course the minister will have the right to confirm or to deny. The hon. member for Notre Dame de Grace may proceed.

Mr. Hamilton: I thank you very much, Mr. Chairman. And certainly I had no intention whatsoever—it was not the purpose of my remarks—to put words in the mouth of the Minister of Transport. He is quite capable of doing that for himself. And if he does not recognize the situation in the airports, that is for him to say.

Mr. Chevrier: I do not know what my hon. friend is referring to when he speaks of the air force. This department has no jurisdiction over the air force.

Mr. Green: Yes it has.

Mr. Hamilton: Without attempting in any way to link the quotation I shall now use with my previous opinion—and which I very carefully defined as being expressed as my previous opinion—I shall quote from the March issue of *Canadian Aviation* in which, as a result of a query, the minister is quoted as saying:

> My own extensive experience as a user of air travel has made me acutely aware for some considerable time that our terminal facilities have not kept pace with the growth of air traffic. In offering these comments I should like to make it clear that I am not apologizing for the present situation since those of us who are responsible have done all that the circumstances in the case have permitted us to do.

That is the end of the quotation; and that was the quotation which I intended to use in the beginning. I hope it is satisfactory. Then, let us see what this magazine, one of the standard periodicals in the field, has to say about our present air terminal facilities. It says:

> Our air terminals seem to be regarded by those responsible for them in much the same way as our weather is regarded. They do not come up to expectations but willy-nilly we the public should put up with them the best way we can.
>
> While the weather remains largely beyond our control, we believe the present inadequate state of our air terminals could and should be improved. Like the majority of informed public opinion we polled on the question, who describe our terminals as outhouses, barns and stockyards, we think that any change would be an improvement.

And that is the end of that quotation.

Now, we must remember that the attitude of the public toward transportation generally is largely conditioned by what they find at the beginning and the end of their journey. And to the extent that our terminals are inadequate and poor, we are holding back and harming this air transport industry which has done so much for the development of our country.

We do get the impression, from various expressions of opinion and by government figures, that the long-range planning they have under way provides better facilities. Unfortunately, in the long-range we are all going to be dead. And I, for one, am much more interested, as I believe the travelling public of Canada are, in the terminals we can use this year and the next year, and in the immediate future. It will be very nice for those who come after us to have fine terminals, too. But certainly I would like to feel that they are going to be available for us; now, in the next year or two.

It comes down to a charge which I laid at the door of the minister not too long ago, in another debate, a charge of lack of confidence, lack of belief that these things can actually be happening in Canada, things that justify big thinking, that justify sound planning which will fit in with the type of thing which is happening day after day here in our country.

Let me give the committee the opinion of one of the recognized authorities in air transportation, Sir William Hildred, who was formerly located in Canada in conjunction with the international air transport association, in Montreal. Sir William Hildred says:

> If you build an airport small, with due regard to ratepayers' interest, you lose all their money and build a white elephant and not an airport; if you build with due regard to the future and make it a size which you think is about right, you lose half your money and build a grey elephant; but if you make the best estimate you can and multiply it by three and calculate on a size which seems extravagant, you have a reasonable chance of not losing your money, and of not building an elephant at all; but an airport which will serve its time and generation.

Let me say at once that I do not want that word "extravagant" thrown back in my face in the course of the next few moments, because I am not counselling extravagance. I am counselling a realistic realization of what is happening in air passenger traffic in Canada today, and suggesting that we must build in accordance with that.

Just in case the minister would be interested in the comments of one or two of the travelling public on this question of airports, the comments of people who are quite conversant with airports generally, I turn to the February issue of this same publication, *Canadian Aviation,* because it has made an exhaustive study of the subject. Mr. G. W. G. McConachie, president of Canadian Pacific Air Lines, says this in part:

> The passenger-handling facilities, on the other hand, will require major improvement if air travellers in this country are to receive the high standard of service on the ground that they have come to expect in flight.

John Fisher, the C.B.C. commentator, has quite a lengthy and a burning commentary on our airport facilities. I shall just quote this:

> They are the most unimaginative and uncomfortable facilities I have found in any civilized country. We simply cannot hold a candle to Europe and most places in the United States. Even Hutchinson, Kansas, has a better terminal than Toronto, Ontario.

He continues:

> It is unfair to have the good name of T.C.A. and C.P.A. linked with such poor service. Unfortunately they get the blame for these shortcomings. I think both carriers should have more say in the original planning of these terminal facilities.

Another man who is perhaps well-known here in Ottawa is Mr. Austin Cross, the *Citizen* writer. He says in part:

> As to our air service, it is excellent, dependable, and safe as your Aunt Emma.

It is only when you land you think you are in Lower Slobbovia and not in Canada.

My final quotation will be from a well-known public man, Mr. Joseph M. Pigott, president of the Pigott Construction Company Limited. He says:

Our airport facilities to my mind have always been planned without regard to the expansion and service that was going on. It has been my observation in a great number of cases that, just as the construction of an airport is nearing completion, a start is made to expand and enlarge it.

I could go on with these quotations but I do not intend to. There are many; they all pay tribute to the facilities for handling the aircraft in the air, the safety facilities, and things like that. We may have seen isolated cases in the past where the government has been at fault in respect to regulations, but I do not want to misinterpret the article here or the opinions of many of these people. Many of them are prepared to accept as reasonably adequate or better than adequate what happens when the aircraft leaves the ground, but almost without exception they make burning comments about the quality of the buildings and the facilities that are available to handle passenger traffic.

I have a few little examples from my own experience in this country. There is what you might call class distinction in the toilets at Dorval airport, and I understand this exists in other places. Where else but in a government office would you find three such utilitarian objects set up side by side, one of which is free, the next one where, for the payment of a nickel, you get the same facilities and the next, for the payment of a dime, you get something which is sterilized and heated with ultraviolet ray lights? Really, I could not believe it, Mr. Chairman, when somebody brought this to my attention. I had to wait until a few days after when I was at the airport, and I went in and checked it myself. I could not believe that the government would be doing anything quite as senseless as that. That is the sort of thing which is going on in our airports. If that is the sort of thing that is going on in our air terminals I can easily understand why they are not as adequate as they might be.

Then of course we have the airport out here at Uplands which is familiar to us all. What an amazing building it is to be located in the capital of one of the world's great countries. Frankly, it is little better than a shack. There are no restaurant facilities. In one corner there is a cooler, and if you put a coin in it you get a bottle of Coca-Cola or some other soft drink. On the other side of the room there is another cooler, and if you put a coin in it you will get a cup of coffee, and that is all. Those are the restaurant facilities in the air terminal of Canada's capital. Your baggage is slung across a counter. It is attended to by the personnel, but they have very little facilities for handling it. You are crowded into a room which is so limited in capacity that it is seldom, when you are going out and coming in, that everybody can find a seat at once. To my mind, Mr. Chairman, it is a damning indictment of the entire operation of the Department of Transport in so far as air terminal facilities are concerned across this country, because it is not an isolated case. It is not the sort of thing that just happens, but it does happen in varying degree, some a little bit better, and some a little bit worse, right across this country in airport after airport. If anyone doubts my word I suggest that they take the time to go out on an inspection tour of the air terminals.

Mr. Chevrier: I doubt your word very seriously.

Mr. Hamilton: May I suggest you make an inspection?

Mr. Chevrier: I have made an inspection. I do not think you are competent to deal with this matter.

Mr. Hamilton: I am delighted to hear the minister say that because I am one lone person, sir. I doubt very much whether, from the many facilities which you have at hand and the millions of dollars that you are spending on these airports, along with the people that you have at your disposal to think these things through for you and to plan and to see that these can be done, you are justified in making a remark like that, sir.

The Deputy Chairman: Order.

Mr. Chevrier: Mr. Chairman, not only do I make that remark, I say that your speech is one of sour grapes.

Mr. Knowles: I suggest you address the Chair.

Mr. Green: On a point of order, the minister should not interrupt an hon. member who is speaking, and having interrupted he should not make the statement he did. He should withdraw.

Mr. Chevrier: I have no intention of withdrawing the statement. The hon. member raised his voice in such a way that he prompted the interruption that I made.

Mr. Drew: The minister should address the Chair.

Mr. Chevrier: I agree with the Leader of the Opposition, and the hon. member should address the Chair, also.

The Deputy Chairman: Order. I do not consider that the expression "sour grapes" can be regarded as unparliamentary; but I would remind both hon. members who have apparently held the floor in the last two minutes that the debate will be carried on better if both of them were to obey the standing practice and address the Chair.

It being six o'clock I do now leave the Chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Hamilton: Mr. Chairman, when we rose at six o'clock there was a short intermission for a discussion which did not bear perhaps directly on the subject I was dealing with. We were outlining the present state of Canada's airports and certainly, in so far as the public is concerned, they are in a sorry state. I think, just to finish the discussion, I might add that in Montreal, for example, one has to leave the main building on a rainy day and go across an open space in order to pick up baggage which is of course inconvenient to those who are using the airport. Many of our airports lack adequate porter facilities and many, many of them lack other niceties. I question whether I have ever been in an airport that really had adequate seating accommodation for people who are using it from day to day.

Now, from the various quotations and expressions from various people I have tried to show that there is general agreement on the inadequacy of these facilities at most of our major airports. I am not quite sure what the minister meant when, in an interjection at one point, he said "sour grapes", but I do know that Montreal is perhaps fortunate in the present plans for the airport. I am glad at least that the plans are under way and we understand that within this year construction will commence on something that will begin to approach and perhaps to arrive at the type of facilities required. But I think we should remind the government that just as one swallow does not make a summer, one airport does not make a system, and that we have got to give consideration to this situation right across Canada.

I am not one who feels that just as long as we are satisfied within our own constituency that all is going well. That is a narrow point of view and I think that those of us who are here try to look at this thing from a broad national angle. We realize that these facilities are definitely needed in many, many parts of Canada.

Leaving the question of terminal facilities aside for the moment we might just remind the Minister of Transport, because it does come within his department, that low-flying aircraft are a continuing problem in the part of the country from which I come, and I would like to express my hope, and I go no further than that, that he will ask his officials and his department to make every attempt to control that and eliminate it wherever possible. I would think that many of the commercial air lines particularly who now route themselves straight across certain cities could be persuaded to fly around them coming into the airport, because of the danger inherent in any aeroplane flying over a large concentration of people.

Then, I would like to mention one other thing which I do not think the minister has heard referred to in this house for some time, perhaps not for ten or fifteen years because most of the people who came from my area have sat behind the minister over that period instead of facing him. I refer to the need for adequate fire-boats in the Montreal area. Hon. members will recall that it was only a few months after the fire-boats were supplied in Vancouver and provided with modern and up-to-date equipment that the city was saved from what might have been one of the most disastrous fires of all time on the Vancouver waterfront. It was bad enough, but it was not as bad as it might have been.

In Montreal they have very limited facilities and lack even one really modern adequate up-to-date piece of equipment with which to protect that great port, and I think it would be most unfortunate if anything should ever happen. I would not want the minister to look back and say, "I wish I had put that fire-boat in Montreal." I would much rather be prepared to have the minister supply the required protection in the port and then come back to me in five or ten years time from now and say, "Well, you did not really need it." Fortunately with many of these things we do not know whether we are going to need them or not, but we do have to protect our investment and we have to constantly bear in mind, particularly in these uncertain times, the great value of really adequate waterfront fire protection in the city of Montreal.

Just to recapitulate for a moment, I think we have shown first of all that there is a little uncertainty as to just how many canals are controlled by the minister. We have asked him for an answer on this and I have no doubt one will be forthcoming, arising out of a question asked well over a month ago.

We have outlined some of the inadequacies of the air terminal situation. And here let

me emphasize again, Mr. Chairman, that much of the material from which I quoted was not my own. The minister chose to say I was not qualified to deal with it. I did not take umbrage at that and question whether it was parliamentary or unparliamentary. I might have taken umbrage but I did not, and I quoted from authorities who are quite independent. It is not a question of sour grapes or someone who is unqualified. I suggest that Sir William Hildred, Grant McConachie, president of the Canadian Pacific Air Lines, and a man like Austin Cross, who has travelled this country and who has been in and out of all these airports, should know what is happening. They represent various points of view. The government expert in the case of Sir William Hildred, the point of view of the operator in a man like Grant McConachie, and the point of view of the ordinary travelling citizen in the case of Mr. Cross. Then, of course, there is the case of Mr. Pigott. These comments, and there are many others in the material I had, are, and I think I used the phrase before, a damning indictment of what this government proposes to foist off on the people of Canada at the present time as adequate airport facilities. Finally, I have drawn attention very briefly to one or two things such as the need of adequate fire protection in Montreal harbour and waterfront, and also the possibility of giving careful consideration to the problem of low-flying aircraft.

Just as I sit down, Mr. Chairman, I do hope that the things I have tried to point out to the minister tonight will not meet with quite the cool reception which was evident about half-way through my speech, because he has a great responsibility to some million and a half people who travel this country on his railroad, through his airports, and along his canals, and they are looking to him to do the best job he can, perhaps even a better job than he is doing now, and to take heed of their complaints and observations.

Mr. Chevrier: Mr. Chairman, normally I would not rise in my place to reply to an hon. member in the middle of my estimates because, like any other minister, I am anxious to have them considered with all dispatch. However, I cannot sit here in my seat and allow the hon. member who has just taken his seat to get away in this chamber with the inaccuracies, the exaggerations, the misstatements and the unethical practice in which he has indulged.

Mr. Green: Mr. Chairman, I rise on a point of order. I submit to you that the last two statements made by the minister are unparliamentary and should be withdrawn.

Some hon. Members: Oh, no.

Mr. Green: If the minister cannot take criticism in a better spirit than he is showing right now, there is something wrong.

An hon. Member: Where?

The Chairman: What were the two words to which the hon. member takes objection?

Mr. Green: Unethical,—

Mr. Chevrier: Unethical, inaccurate, exaggerated.

Mr. Green: No, Mr. Chairman. The minister said that they were misstatements—which statement is unparliamentary—and also that they were unethical. Both of those statements should be withdrawn.

Mr. Chevrier: Mr. Chairman, I should like to be allowed the opportunity to show where the statements are, first of all, inaccurate, exaggerated and unethical.

The Chairman: On previous occasions certain phrases have been declared to be unparliamentary either by a chairman presiding over the committee or a Speaker presiding over the house. I have not before me a complete list of those phrases but I have read them from time to time, and my recollection does not convince me that either of the words to which the hon. member for Vancouver-Quadra refers have been declared to be unparliamentary. Perhaps the hon. member for Vancouver-Quadra could draw my attention to a citation which would support his point of order. However, my own recollection is that these two words have not been declared to be unparliamentary.

Mr. Green: The statement by the minister that the hon. member had made a misstatement was, in effect, saying that he had told a lie. Therefore it should be withdrawn. To accuse an hon. member of making unethical statements means that he is not speaking as a member of parliament should, and is a reflection on him.

Some hon. Members: Oh, oh.

Mr. Green: I do not intend to be howled down, no matter how many government supporters may feel like doing it.

The Chairman: Order. I assure the hon. member for Vancouver-Quadra that he will not be howled down. But I also am afraid that he is not on sound ground when he says

that to say an hon. member made a misstatement is equivalent to saying that a member is lying. If any such suggestion were made that the hon. member were lying, I would of course have to call that suggestion unparliamentary. But the words to which the hon. member has taken exception I do not think are words that I can call unparliamentary.

Mr. Green: Is Your Honour ruling that a member may rise in his place, accuse another hon. member of making a misstatement and not have to withdraw that accusation?

The Chairman: The minister, I think, has used the word "misstatement". He has said that he is prepared to go on and elaborate on the misstatement. I do not think that is equivalent to saying that the hon. member who previously had the floor is lying, to use the words used by the hon. member for Vancouver-Quadra. I do not think it is any reflection on an hon. member if in the course of a speech a mistake is made. I certainly think the minister has a right to show whether a mistake has been made or not. I cannot see that there is anything unparliamentary in that.

Mr. Green: Mr. Chairman,—

Some hon. Members: Oh, oh.

Mr. Green: I do not intend to be howled down if I have to stand here for an hour. There is quite a big difference between a mistake and a misstatement. The minister accused the hon. member for Notre Dame de Grace of making a misstatement. He did not say that he had made a mistake. There is a great difference, because there is a difference in intent. I submit to Your Honour that the minister should withdraw that charge that the hon. member has made a misstatement. As the minister used the expression, one could only take the meaning that he was charging the hon. member with doing it deliberately. I submit to Your Honour that that charge should be withdrawn.

The Chairman: Order. I am totally unable to take from the word "misstatement" the implication the hon. member for Vancouver-Quadra is apparently taking. A misstatement could be anything from a mistake to something much broader. I cannot possibly call "misstatement", with no amplification whatsoever, out of order. I am afraid that I cannot do it.

Mr. Chevrier: If I may be allowed to proceed, Mr. Chairman, I should now like to deal with some of the inaccuracies of the hon. member in his remarks. In his statement earlier this evening he referred to the deft way in which the minister made it quite obvious that he and his department control the canals of Canada. A little bit later he said: I had a little premonition that perhaps that statement was not technically and completely correct. Still further he went on to say this: Then the minister indicated that he was the sole person responsible for canals and locks in Canada.

Mr. Chairman, I ask the hon. member who made those statements to read *Hansard* and to see whether, at any place, I made any statement akin to that. I deny having made such statements. During the recess I read *Hansard* twice and nowhere in *Hansard*—nor did I correct it—could I find any place where I said that I was responsible for the control of canals in Canada or that it was quite obvious that my department controlled all the canals in Canada. I therefore say that I did not make that statement. To that extent my hon. friend was inaccurate in the statement which he made.

Mr. Macdonnell: Mr. Chairman—

Some hon. Members: Sit down.

The Chairman: Order.

Mr. Macdonnell: Will the minister permit a question?

Mr. Chevrier: No, no. I should like to get on. I have waited ten minutes now.

Mr. Hamilton: I rise on a question of privilege, Mr. Chairman. As to the quotations which the minister is using from my speech, I was under the impression that *Hansard* was not available officially for such use until the following day. I am wondering whether the minister took down the material that he is using.

Mr. Abbott: What is the question of privilege there?

Mr. Chevrier: No. I did not take the notes. I have the actual words which were uttered by my hon. friend.

Mr. Hamilton: Mr. Chairman—

Some hon. Members: Sit down.

Mr. Hamilton: —that was my point. Is the minister entitled to abstract material from *Hansard* before it has been made available to the remaining members of the house? Nobody brought me a copy of *Hansard*.

Mr. Chevrier: I want to deal with the second inaccuracy in the remarks which my hon. friend made, when he took me to task for the answer which I gave to him on the orders of the day in answer to a question

concerning the Wellington street tunnel in Montreal. On that occasion he said this:

> The only trouble was, you see, Mr. Chairman, that despite the fact I had carefully telephoned the minister's office and given him an indication I was going to ask this question . . .

It is true that he telephoned the minister's office five minutes before 2.30 o'clock indicating that he intended to ask the question. The hon. member says that he gave me an indication. The hon. member knows that when he wishes to ask a question in the house the usual procedure is to give notice. The notice may well be oral but if oral notice is given five or ten minutes before the house opens he cannot usually expect to get a complete answer. But in this case he did get a complete answer because it so happened that the hon. member for St. Ann had been dealing with this very matter, although my hon. friend thinks not. He then gets up in the house and says that I refused to answer the second part of his question. Furthermore, he expects and insists that I answer it at a later date. Let us see if I did answer it on the orders of the day. I refer to page 4074 of *Hansard* of April 14, 1954 where I find the following:

> Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask a question of the Minister of Transport. Has he knowledge of any plan for federal aid to improve the Wellington street tunnel in Montreal, or consideration of a new tunnel in its place in the near future?

This was my answer:

> All I can say is that during the sittings of the railways and shipping committee, when Mr. Donald Gordon was under examination, the hon. member for St. Ann (Mr. Healy) raised the same question. After some discussion during the course of the proceedings the president of the Canadian National Railways undertook to give the matter consideration. I understand since that, because of the representations made by the hon. member for St. Ann, the chief engineer of the Canadian National Railways and one of the representatives of the city of Montreal have been in consultation about the matter.

Then follows the answer to the hon. member's question:

> With reference to the second part of the hon. member's question, as to the tunnel, I would say that the federal government has already provided, in co-operation with the city of Montreal, two tunnels under the Lachine canal, one at St. Remi street and the other at Atwater street, the first at a cost of about $5 million and the second at a cost of about $7 million. I have no information as to any additional tunnels being provided at this time.

That is the second inaccuracy in my hon. friend's statement. The greatest farce, if I may use the expression, about my hon. friend's speech was the attack which he made on the airports of Canada, his unfairness to me in not quoting fully the letter which I sent to the *Canadian Aviation* magazine and in not quoting a number of other things which I propose to indicate as I go along. My hon. friend used expressions like this:

> . . . we do not find that adequate facilities exist at the present time to compare with the quick moving steps that are being taken by that industry.

Then he said that Canada's airports are shamefully inadequate in almost every case. Again he repeated that Canada's airports are shamefully inadequate in almost every case. Then, to use his own expression, he said a little later that the condition of Canada's airports is such that it is a damning indictment of the Department of Transport across the country. My hon. friend is free to make that statement, and any hon. member is free to make that statement, but what are the facts? The facts are that that is not the position. The facts are that the airports of Canada are as good as any other country. The airport facilities of Canada compare favourably with those of the United States having regard to the population of our country.

I come now to what I think is the unethical part of my hon. friend's attitude.

An hon. Member: He does not mind about that.

Mr. Chevrier: He quoted from a letter which I wrote to Mr. Willmot who is the editor of the magazine, *Canadian Aviation.* I should like to read the words that my hon. friend quoted from that letter. They were these:

> My own extensive experience as a user of air travel has made me acutely aware for some considerable time that our terminal facilities have not kept pace with the growth of air traffic. In offering these comments I should like to make it clear that I am not apologizing for the present situation since those of us who are responsible have done all that the circumstances in the case have permitted us to do.

Then my hon. friend said, "That is the end of the quotation; and that was the quotation which I intended to use." But that is not the end of the quotation, Mr. Chairman. The letter goes on and explains the position as it is today. I say to you, Mr. Chairman, that no hon. member has the right to rise in his place in this house and say that that is the end of a quotation he is using when in fact it is not the end. I will put on record now the remainder of the quotation which my hon. friend forgot to put on *Hansard.*

An hon. Member: Forgot?

Mr. Chevrier: It reads as follows:

> These circumstances, however, may be of interest to you and your readers, and I should like to place them before you.

There follows the position with reference to air facilities in our country today. I do not want to read the letter but I will deal with air facilities in Canada as I understand them to be and, as I stated earlier, they are excellent. I state now that our airports are in excellent condition. We have one of the finest systems of airports in the world considering our size and population. I say this to my hon. friend, that when one deals with the question of airports there are not only the air terminal buildings, as he seemed to indicate in the latter part of his remarks, but there are the runways, the taxiways, the lighting systems, the meteorological facilities, the radio facilities, and last but not least, the terminal buildings.

It is impossible to have adequate airport facilities in any country unless you start from the bottom, and that is what we did after planning very carefully. We started by building airstrips, and we have two long, strong runways at each of the major airports in Canada, at Gander, Dorval, Malton, Winnipeg and Vancouver. Furthermore, we have established lighting and meteorological facilities since the end of the war in the amount of almost $100 million, so that we have not neglected these facilities in the way that my hon. friend indicates. But my hon. friend seemed to express the same view in his speech that he expressed in an earlier speech and an earlier debate when he said that the Canadian National Railways lacks confidence in this country and that the government lacks confidence in the country. Let me say to him that his speech the other day and his speech today were the most pessimistic speeches I have ever heard in this house. That is why I think I properly termed it "sour grapes".

In the remarks my hon. friend made he was very careful not to quote a number of statements that were made outlining the position of Canada's airport facilities as they are today. Does my hon. friend realize that we in this country, because of the size of Canada, not only have five or six but perhaps ten major airports, that we have ten secondary airports and perhaps 105 or 110 other airports, whereas in the United Kingdom there are not the same number of major airports as we have in Canada? The same can be said of continental Europe. We are in the unfortunate position because of the size of this country that we must have major airports in far greater number than any other country such as those that I have mentioned.

My hon. friend also quoted Sir William Hildred. I thought it was an excellent quotation and I need not repeat it here. But what Sir William Hildred said in the quotation my hon. friend gave is exactly what we are doing in the Department of Transport. I can say this, that in my conversations with Sir William Hildred, he had indicated to me that he believes that we have been farsighted in planning airport sites in Canada. My hon. friend, in quoting from the February issue of *Canadian Aviation* magazine, quoted three or perhaps four statements made by certain people in the field of aviation, but he omitted or thought wise not to quote several other statements in the same magazine which were favourable to the position of the Department of Transport.

Let me quote what Mr. English says. He is vice-president of Trans-Canada Air Lines, that is the air line which uses the facilities of the Department of Transport far more than anybody else does. He says this:

Mr. Hamilton: And who works for you.

Mr. Chevrier: No, he does not work for me. He works for Trans-Canada Air Lines, and that is not under the Department of Transport.

An hon. Member: Wrong again.

Mr. Chevrier: I quote:

> We feel that within the limits of the money it has had to spend, the Department of Transport has done an excellent job in providing the travelling public with the basic requirements for a safe aeronautical operation. Since the war they have expended their annual budget, which is not large, with emphasis on runways, navigational aids both en route and at terminals, and items of that nature. In our opinion this was the correct approach.

Then, I quote from a statement made by Earle Birney, a Canadian writer and professor of English at the University of British Columbia. He had this to say:

> On the credit side I'd say Canadian air terminals are clean, with good facilities for telephones, telegraphs, enquiry; washrooms good; well heated and ventilated. Passenger handling, baggage, etc., seems fast, courteous, efficient.

Then I quote from a statement made by a British air line executive, as follows:

> In point of fact, I have always been very impressed with the Canadian airports that I have visited in such places as Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. It appears to me that not only has a great deal of thought gone into their planning, but that by and large there is an excellent mental attitude of flexibility which permits modifications to the facilities as and when they become necessary.
>
> My own personal view is that this is a proper approach. It is frequently possible to plan for the optimum, but it would be unwise, from a financial point of view to create immediately facilities far beyond the actual and immediate anticipated needs. It is important, in my opinion, so to plan the facilities that they can be increased, modified or amended as the requirements become known.

There are four other quotations that I could give from that issue and the following

issue of *Canadian Aviation,* which my hon. friend could have read, but he put on *Hansard* the worst possible position in so far as the facilities of the department are concerned. He thus helped to create an impression which I say with the greatest of deference is not in accordance with the facts. I repeat that we in the Department of Transport have had in mind a program of development for our airports. First of all, we had to begin with the facilities that were most important. We did not begin to build air terminal buildings before the business developed, before the air lines could bring in the passengers. We kept that for the last phase of development.

Most of these facilities were built, established and approved by this house when my hon. friend was not a member of this house. I do not say that to him with any degree of reproach, but I ask him to look at some of the things that have been done in the past by the department, in co-operation with other departments. If he had done so, I am sure he would not have made some of the statements that he made this afternoon. With these estimates we are now beginning a program of expansion of air terminals. We have already built two air terminal buildings, one at Moncton and one at the lakehead. I would invite my hon. friend, and any other hon. member in this house, to go to Moncton and the lakehead and see for himself the kind of air terminal building both of these are. Having regard to the population in the areas, they are excellent facilities and compare with similar airports in the United States of which there are a far greater number of people using the air lines than in either the lakehead or Moncton.

We are proceeding to build two other terminal facilities at the moment, one at Gander and one at Saskatoon. They are being built this year. Of course, as my hon. friend says, at Dorval in the city of Montreal we propose building what we expect will be a large terminal building. There are other places in Canada which I need not mention at this time because I have not the time at my disposal at which we propose to proceed with the construction of air terminal buildings. I say that my hon. friend should have a little more confidence in the desire of these employees, these public servants in the Department of Transport who are as anxious as he is to see to it that adequate facilities are provided for the travelling public.

Let me add this. I think that my hon. friend, in his statement of lack of confidence, is also inaccurate and exaggerated, because I do not think that any organization has shown greater confidence in the future of Canada than has the air transport board, the air services branch, and the Canadian National Railways of which my hon. friend was highly critical. I believe no institution has shown greater confidence in Canada in the building of the many lines which it has built, than has the Canadian National Railways. I know the house is not satisfied with the number of lines built and would like to see far more, but so would I and so would the Canadian National. Under all the circumstances, the Canadian National Railways must work with the funds that are available to them.

Lastly, my hon. friend raised the question of a fire boat for the city of Montreal. As I understand my hon. friend is an alderman in the city council, I am sure he knows that fire protection and the like are matters which fall under the jurisdiction of municipalities. The city of Montreal has made representations from time to time, and knows what the position of the federal government is. The position has always been that fire protection is a matter for the municipality, and not for the federal government. There were exceptions during the war that were removed as soon as the war was over. There is one exception in the case of Vancouver, where a subsidy is paid to the city but the ship was furnished at the sole expense of the city of Vancouver. On all occasions I have clearly indicated in this house and elsewhere that if the city of Montreal or any other national harbour wishes to do the same thing as the city of Vancouver, their application will be considered in the same way.

Now my hon. friend also condemns the facilities at Uplands. I doubt that he should have made the statements which he has, because if he had been here the last years he would have seen how the house approved the tremendous expenditure for runways at Uplands. There will be at Uplands, I think, the longest and the strongest runways perhaps of any airport in Canada, and that for specific reasons. We have I.L.S. facilities there; we have established full traffic control facilities such as at Gander and we have the best meteorological facilities. These facilities cost a tremendous amount of money. We have not been able to build air terminal buildings at Uplands thus far, but we will. We will have a small item in the estimates, either later supplementary estimates or next year's main estimates for a terminal building at Uplands.

As I said, planning must begin from the bottom up, and we must wait until we have other facilities before we can go to the fancier and better type of air terminal building. Mr. Chairman, that is all I have to say. I think I have established that many

of the statements which were made by the hon. member would not have been made, had he known the facts.

Mr. Decore: Mr. Chairman, I should like to deal with a matter now which I have raised before. It has been brought to the attention of the minister on previous occasions. I refer to the Canadian National Railways line leading out of Edmonton and going east as far as a point called Heinsburg. Heinsburg is west of the Alberta-Saskatchewan boundary, and is only 39 miles away from another point which would complete this line—this point is called Frenchman Butte. For some reason or other—and I still do not know what it is—this line has not been completed. As I said a while ago, I have brought this matter to the attention of the minister before. In 1950 when I did so he gave me a very encouraging reply. He said at that time that the Canadian National Railways officials had this proposed project very high on their list.

Now I do not know what has happened since that time; but I would like to point out to the minister that this particular line is one of the most densely populated farming areas in western Canada. It is also running through an important oil sector known as the Redwater field, one of the biggest oil sectors in western Canada. Then there are other new developments by way of natural gas, and other developments in the oil industry. There is also a salt mine along this particular road.

I would like to know just what the position is today. First of all, why has this matter been left in abeyance until this time? Is there any possibility of this project being dealt with some time in the near future?

Mr. Chevrier: May I say to my hon. friend that what I told him earlier was the position at the time I did indicate it to him. The Heinsburg-Frenchman Butte line is one which has been under discussion in this house for many years by a number of hon. members, including the hon. member for Athabaska, some of the members in the C.C.F. group, and of course the hon. member for Vegreville. They have brought it to the attention of the government.

The position taken by the Canadian National Railways has always been that until there is a sufficient amount of traffic available to make the line profitable, it was not justified in recommending the construction of it to the government. At the time I spoke to the hon. member there was some question as to a mine—I do not know whether it was a salt mine or a mill—that was to be established in the area. I do not think that finally came to fruition. Because of that the Canadian National Railways have not recommended in recent years the construction of that line. However, in view of what my hon. friend has said I will ask them to review the position again, and ascertain if there is any change.

Mr. Nesbitt: Mr. Chairman, in view of the fact that the minister has had occasion to be a bit out of sorts this evening I would like to preface my remarks by thanking him for something, namely the new additions to the old C.N.R. station at Woodstock, Ontario, although I must confess I was not exactly pleased by the manner in which this news was communicated to the riding.

However, before I get around to that I should like to deal first of all with this matter of the Canadian merchant navy, which has been dealt with already by several other hon. members in the debate. At the outset let me say that I fully agree with the statements made by the hon. member for Vancouver-Quadra and the hon. member for Saint John-Albert with regard to the merchant navy, and as to why at all costs Canada should retain her merchant fleet.

The merchant marine of this country is every bit as essential an arm of our defence forces as are the army, the air force and the navy; and I think it is a very dangerous thing for any government to take a chance on gambling on the security of the country, when it comes to a small subsidy of $100,000 for a ship which, I understand, would amount to a total of about $3 million.

In the hope that I may not be accused of making inaccurate or wild statements, I should like to point out something which I think will back up my argument that the merchant navy is as important in its own way as the other fighting forces of Canada. First of all, let us take the example we have often heard. We have heard it said that Canada does not need a merchant navy because if there is a war we could send our goods to those points in the world they may have to go by using ships of the United Kingdom, the United States or others of our allies. That, of course, is very true. But the same argument might apply to our regular navy, that we can be well defended by the ships of the United States and of the United Kingdom. And if the argument is carried to its extreme it could be used in connection with the air force and the army.

I am sure no hon. member would agree with that argument. But if we are to take the argument to its logical conclusion, that is where it would lead. I feel Canada should do its share to maintain its merchant navy, or its share of the merchant fleet of the allied

countries. Let us see for example what might happen if we do not have a merchant navy of our own. It might very well occur that Canadian materials of war would have to be shipped to some countries in, let us say, South America, during the term of the so-called cold war. It might be that, for reasons of international policy, ships of the United States or the United Kingdom might not wish to carry those arms. How could we get them there?

Perhaps that is a hypothetical example, but it illustrates the point I make. Let us also suppose that there might be a sudden invasion of the northern part of Canada, and that we might be required to get supplies and equipment up there. With no merchant ships of our own, it might be that our neighbour to the south would not have any ships available.

That is an example of what could happen, and for these reasons I say it is dangerous to be without a merchant marine. Then, a further point is that in the event of a world war, Canadian harbour, dock and repair facilities would be a little farther out of the reach of potential enemy bombers than are the great cities of Europe or, for that matter, the large centres of the United States. If we let our merchant marine go completely, it would mean that dockyard workers would be out of practice in repairing ships. Our repair facilities probably would be transferred to some other type of industry. These facts, in themselves, are dangerous.

Perhaps the most important reason of all from the point of view of defence for retaining the merchant marine is the question of what is likely to happen if there is another war. If war should break out—and I am referring of course to a general world war—undoubtedly it would come with unexpected swiftness, and might very well be decided in a few days. Undoubtedly the large ports of England, the continent and the United States would be hit by nuclear weapons; atomic or hydrogen bombs, or future refinements of the same thing. With the possible exceptions of Vancouver, Halifax and Montreal, most Canadian ports would not likely be the targets for those atomic or hydrogen bombs. And, with all due respect to Halifax and Vancouver, I doubt very much whether even they would be thus attacked. Montreal would be the only imminent possibility, or probability. The same could not be said of San Francisco, New York, Boston or Philadelphia.

It is very likely that in these great world ports a large amount of the merchant shipping which would be available to the allies would be knocked out of commission right off the bat. If Canada keeps a merchant marine, even though it is a small one, there is a reasonable chance that a certain proportion of it at some time or other would also be in Canadian ports. Those few ships of ours, even though they might form a very small percentage of the merchant pool of shipping, might prove to be the saving factor in a future world war, because we would have them and our larger allies, the United States and the United Kingdom, might be temporarily incapacitated by a sudden and unexpected attack. Because of the new type of warfare that may be carried on I feel that even a few extra ships at Saint John, Halifax, Quebec and St. John's, Newfoundland might form the saving grace at some future time.

Another matter to which I should like to refer is that of training personnel. Unlike at the time of the second world war when Canada had a very small permanent navy to start with—we had to rely to a very great extent at that time on former merchant service people to help man the ships which we obtained from the United States or we eventually built ourselves—we have a large number of ex-naval personnel who are civilians in active or inactive reserves. We have a much larger permanent navy, but nevertheless a lot of people who are in the naval reserve, active or inactive, have been away from the ships a long time. In addition to that, some people who have recently joined the permanent navy have not had too much experience of seamanship and navigation. I should like to remind hon. members who have never been in the navy that you cannot learn seamanship or navigation overnight or out of a textbook. You have to get that by experience. In the event of war breaking out the navy will require tugs, tenders and all that sort of thing, not to mention trained seamen to man new ships or ships pulled out of mothballs here or in the United States. We would require personnel who are competent seamen and competent navigators. They would be the saving factor that they were the last time. For these reasons it is a great mistake, for the matter of $3 million, to sacrifice our merchant navy.

Let me summarize once more the reasons why I think it is necessary to have a pool of trained personnel in the event of an emergency. First of all, there is the fact that the great ports with large numbers of merchant shipping in the United States and the United Kingdom could very well be knocked out of commission at the start of a war which involved nuclear weapons. Any Canadian ships that were lying in Canadian ports would be a safety factor.

Then, there is the fact that it is dangerous to let our shipbuilding facilities go out of

commission, which will undoubtedly happen if we let our merchant navy disappear. Lastly, and probably the most important, is the fact that the merchant service is a branch of our armed services, the same as the regular navy, the army and the air force, because in the matter of logistics it requires the merchant navy to keep the supplies of material in position at points A and B. Without a merchant navy we are placing ourselves in a dangerous position and gambling with the safety of our country for a so-called pittance of $3 million, which is a pittance when compared with the rest of the defence estimates.

There are two other items which I should like to deal with very briefly. The first is the matter of the St. Lawrence seaway. I was pleased to observe in the press today that we are going to start building the seaway in two weeks' time. This will be of very great value not only to the riding I represent but to all the ridings in southwestern Ontario. The very fact that small ocean freighters and large lake freighters will be able to move freely along that waterway will make a great deal of difference. For example, limestone, which is found in the township of West Zorra—and I believe it is the highest grade of limestone in North America for smelting purposes—can be moved down the St. Lawrence to Sydney and to the smelting mills which may be built down the St. Lawrence. Large bulky cargoes, such as turnips, tobacco and machinery can be moved by slow water transport along with limestone and be of great assistance to my part of the country. In return, coal can be brought back from Cape Breton and thereby help the hon. member for Cape Breton South to get rid of the coal they have down there, which we hear a lot about. That coal can be brought up to various parts of Ontario where it can be used, although it is soft coal rather than hard.

The last item I should like to mention is again a localized item in my particular riding. I refer to the railway station which I mentioned earlier in my remarks. This station was built 85 years ago, and I am very glad to know that it is to be fixed up. The sum of $35,000 is to be spent on it. I was pleased to see the suggested plans for improving the station, and they look very good to me. One of the particular objections there is not that the station is old and decrepit, so to speak. We could get along with it if there was some better way of getting to it in the city of Woodstock.

I should like to point out to the minister, as I have already done to Mr. Donald Gordon, for the purpose of the record, that the Canadian National railway station at Woodstock is located to the south of the city.

[Mr. Nesbitt.]

Eighty per cent of the city is to the north of the tracks. The only way of getting to the railway station from the rest of the city is over a very narrow one-way wooden bridge. "One-way" is perhaps not completely accurate. Two automobiles can pass on the bridge, but they will scrape fenders. If you get a truck or a transport or anything of that nature on the bridge it is impossible for more than one vehicle at a time to go over the bridge. This bridge is built in the shape of a large rounded arc. If you start from one side of the bridge you cannot see whether anything is coming up from the other side, and if you meet another vehicle in the middle one of you has to give way, and it is usually not the truck.

As I said, this bridge was built about 85 years ago. In the wintertime it is heavily covered with ice. A traffic problem is created at the bottom of either end of this bridge. There are frequent petty accidents, and it makes it almost impossible to get to the station on time. It too frequently happens that somebody trying to get to the station leaves to get there on time and he gets to one end of the bridge and finds some big transport or truck still on the bridge or coming over and the individual finally arrives just in time to see the train pulling out of the station.

As I say, this bridge which forms the main method of approach to the station, was built many years ago before the age of large transports and motor trucks. To aggravate the situation even further, on the same side of the railway tracks as the station there is a company which manufactures trucks and trailer equipment, and there is a large transport company as well, the vehicles of which go over this bridge all the time, not to mention the regular farmers' trucks and everything else and the other delivery trucks that use the bridge. In addition, one of the largest feed companies in Canada, the Purina Company, has commenced to build six new grain elevators on the south side of the railway tracks, on the same side as the station is located, and more trucks will be going over and the problem will be getting worse instead of better.

All this leads up to one thing. As I said before, we are very grateful to have the station fixed up and to have modern facilities of all kinds there, to have it well lighted and a clean and comfortable waiting room; but if we can get a modern two-way approach to the railway station from the main part of the city we shall be even happier. So that the minister will draw no wrong inferences from my remarks I should say that there are ways of getting from the main part of the

city to the Canadian National Railway station apart from this one-way approach. If you go about ten blocks one way it is possible to cross the tracks, but it is an exceedingly long and roundabout method. At the other end of this railway station there is a narrow wooden bridge of the same vintage as the one I mentioned earlier, but I do not think it has been used at any time. Because the approaches to this other narrow wooden bridge are so difficult to get at no one ever used it and I believe it is narrower than the first one I mentioned. To conclude my remarks on the station I would just like to express the hope that this matter will be referred through the minister to the C.N.R. officials so they can study it at some future date.

Lastly, and before sitting down, I would like to refer to a local railway crossing in the county of Oxford which is quite famous in that part of the country, but famous inasmuch as it collects anywhere from between one and two to several, which is more than two, carloads of people every year. This railway crossing, known as Creditville, crosses No. 2 highway, one of the principal highways in Ontario. This crossing carries the main Canadian National railway line from Montreal to Chicago and one of the principal reasons for the multiplicity of accidents at this Creditville crossing is due to the fact that it is double track. People see the train coming one way and start up before realizing that a train is coming from the other direction concealed by one of the passing trains.

I do not think there is a railway crossing in western Ontario which has had a greater number of accidents than this one. No doubt the minister will be able to check into that. There might be some others which have as many but none I think have more. The terrain there would not be suitable for the construction of an overpass, but it would be very suitable for the construction of an underpass. I do not think it would be very expensive, particularly in view of the fact that it would prevent a great many accidents in future.

Mr. McIvor: Mr. Chairman, I do not want to allow this opportunity to pass without expressing the appreciation of the people at the lakehead for the construction of the airport there. We asked for a permanent building about five years ago and we have now got one of the finest in Canada. It was constructed two years ago and the runways are to be extended so that the largest planes in Canada can land there. Those hon. members who expect to make a trip to Vancouver this fall will get an eyeful.

I have just one more thing to say, namely that this is in keeping with Canada's need. The head of the lakes is fast becoming the hub of Canada and with the opening of the St. Lawrence waterways that airfield will be greatly in demand. I have one request though to make of the minister and that is that when the contract in regard to this work is being let he will see to it that local labour is employed and not men from Toronto and Montreal or anywhere else who cannot do half as good a day's work as the men from the head of the lakes.

Mr. Barnett: Mr. Chairman, in view of the fact that we live in an age of rapid transit I am sure the Minister of Transport will not have too much difficulty in moving his mind back and forth from one side of the country to the other, and perhaps rather rapidly on occasions.

I have some matters I would like to draw to his attention particularly when we are discussing this item on his estimates. I have had some matters brought to my attention which represent quite a considerable problem, and while I am coming to realize that the department for which the minister is responsible is a very complicated one—one in which some of the complications arise out of the fact that the technical questions in relation to transport are becoming increasingly complex—and that can to some extent be explained by the fact that his department, perhaps as much as any other, is affected by the current growing pains of the Canadian nation.

I think you will understand that in various parts of this country today various problems arise which affect every one of us specifically. However, on this occasion I will attempt to set these problems before him and the house and then attempt to draw one or two conclusions which I hope he will consider to be of a constructive nature as they affect the solving of these problems.

I think I can do this in no better fashion than by making reference to some of the communications I have received since I became a member of this house, all of which are related directly or indirectly to the question of transportation. I will start by mentioning a typical one which was addressed to me by the secretary of the co-operative at a place known as Owen Bay. The letter reads as follows:

> We wish to call to your attention the serious situation arising from the fact that residents of the numerous islands are left without adequate boat service.

That is typical of the sort of letter which I seem to have been receiving in an almost endless chain. Similar letters come to me

from such places as Mansons Landing and Seaford; in fact, Mrs. Dowling of Seaford wrote me as follows:

I am taking the liberty of writing you a few lines to see if you could help us to get the boat to stop in at Seaford again.

I feel rather foolish about the boat not calling at Seaford as I made a trip over to the public works department at New Westminster in regard to the float at Seaford.

It appears that the wharf there was eventually repaired but by the time it was repaired the boat in question had decided not to call there any more. She goes on:

We are getting to the point where we don't know whether to laugh, cry or sell our places and head for the city.

My grandfather was one of the first settlers here so, of course, I rather hate to leave if there is any chance of getting things straightened out again.

Then I have another letter from this place which states:

I am dropping you a letter regarding our mail service at Seaford P.O. which is non-existent at the present time.

We trust that you will be able to contact the correct party and have the aforesaid condition corrected.

I assumed that in this instance the correct party would be the Postmaster General and I wrote him and received a very courteous response to my inquiry in regard to this matter. Here is a case where, in effect, I would like to come to the aid of the Postmaster General through the good offices of the Minister of Transport. I think this letter from the Postmaster General dealing with this problem serves to illustrate very well the nature of the problem which I can see developing in the coastal areas of British Columbia. The Postmaster General's letter reads as follows:

At the beginning of February 1953 information was received that the wharf had become unserviceable, and steamer calls were discontinued. It was therefore necessary to discontinue the above mail service. Arrangements were made for a temporary service between Seaford post office and Mansons Landing.

Later the letter continues:

There was some question of whether the Department of Public Works would repair the wharf at Seaford, but eventually they decided to do so. Repairs were completed in December 1953 and it was anticipated that the regular Seaford and wharf mail service, described in the first paragraph, would be resumed.

However, even though the wharf was repaired, the Tidewater Shipping Company advised that they were unwilling to call at Seaford directly—

So that, under the circumstances, he goes on to say that they were not in a position to give that mail service. Then we come to another island, namely Hornby island, where over a period of time they have been attempting to develop some sort of ferry service to replace the steamer service which is no longer existent so far as that island is concerned. In a communication from the Hornby island people setting forth their problem, we find it described in this fashion:

Existing Conditions

1. A beach landing craft ferry boat is now operating on a daily schedule under a provincial government subsidy of $5,000 per annum. This ferry is now the only means of passenger and freight transportation to and from Hornby island. No other boat service is available or pending.

2. The ferry is operating at present between Gravelly bay (Denman island) and Phipps point (Hornby island) because the latter is the only point where cars can embark or land at present.

3. The service is crippled by lack of adequate landings. At no tide lower than 6 feet can cars embark or disembark under any circumstances on either side of the channel.

4. Tides during the winter are reasonably high during the daytime so that in general service has been maintained, though in a hazardous fashion in rough weather and particularly in snow and ice conditions.

5. Tides during the summer months are generally low during the daytime and service will be seriously curtailed during the time when it is most needed and particularly during the tourist season from June to September.

6. There is no protection whatsoever available for the boat when tied up and during stormy weather conditions are extremely hazardous to its safety.

That communication sets forth another aspect of this problem. Then we go up a little bit further north to Quadra island. In a brief drawn up by the Quadra island ratepayers association and endorsed by the Campbell River chamber of commerce some facts in connection with their problems are set forth as follows:

The residents of Quadra island have been attempting to have a car ferry instituted between Campbell River and Quathiaski Cove. Transportation between these points is now served by a small passenger vessel of twenty-four person capacity.

This vessel, which has outgrown its usefulness, is subsidized by the provincial government. The present provincial minister of public works, the Hon. P. A. Gaglardi, recognizes the merits of our necessity for better transportation by agreeing to raise the subsidy to such a level that it will make the operation of a combined car and passenger ferry possible.

However it is his contention that the necessary landing slips are the responsibility of the federal government. The Hon. Mr. Gaglardi points out that the federal government constructed car ferry landing slips in the Gulf islands recently, and suggests there is no reason they shouldn't build them here.

We have recently been in communication with Hon. R. H. Winters, federal Minister of Public Works, requesting that he give favourable consideration to our request. This he has failed to do, contending that the slips are the responsibility of the provincial government and we must look to our local authorities for help.

If the Minister of Public Works were here, I am sure he would agree that the correspondence and the discussions I have had with him confirm that particular statement with regard to the policy of this government.

Then we move across to the far west coast of Vancouver island where Canada really meets the Pacific. I have here a letter from a gentleman by the name of Mr. Rustaud. He discussed the sort of boat service they have on the west coast of the island and asks me to do something about it. In this letter he explained how he has been living on that west coast for the last thirty or forty years and that never in his experience has the boat service been as bad as it is at the present time. Just to show that the Canadian people, wherever they are located, retain some sense of humour, may I say that I have even had suggestions coming from the west coast of the island that they might consider establishing a mule service across the back of Vancouver island. In describing the problem they had, he said that they do not know whether they can provide the right kind of snowshoes for winter service across the mountains or whether they should use mules or donkeys for the purpose.

Then I also have here a letter from the secretary of the Zeballos school district, which is a copy of a letter which he wrote to the department of education in Victoria. Apparently the department had been complaining that the necessary documents of the Zeballos school district were not reaching Victoria within the prescribed time according to the provincial education regulations. He has to reply and explain just what happens in order for them to get their mail, bank vouchers and that sort of thing back and forth. Here is a telegram which I received from Kyuquot and which states:

> Our telegram today's date sent forward to Postmaster General Ottawa requesting an immediate extension of air mail services to Kyuquot post office.

This telegram is dated January 3. They say the last mail delivery received was on December 15. Anyone who had been reading the British Columbia papers at that time would recall that a good many of the residents on the west coast of the island did not get their Christmas mail or their Christmas supplies.

Then we come back again to Texada island which is in the gulf. There we find a situation arising out of the fact that the C.P.R. steamer service to Powell River, which had included this island as a port of call, was being withdrawn and that the residents not only of Powell River but of Texada island were not going to have any means whatever of getting their cars in and out of that area. It is perfectly true that plans had been made for the building of a road and the establishment of a car ferry which would make car and truck transport to Powell River a possibility. But we find there a situation where a service which has been provided for years is being arbitrarily withdrawn before any substitute is provided to take its place. In the last few years that sort of thing has been happening all over the coastal area. When you follow through correspondence like that which comes consistently from so many places, it seems to me that a sort of pattern begins to emerge. I could, of course, have read a great many more letters than those which I have read, and I could have referred to other places to which I have not referred. Partly because of improved technical facilities and methods of transportation I feel that not only is a revolution taking place in transportation all over Canada but that a particularly difficult one is taking place in an area which relies on a complicated combination of air travel and sea travel and, in some instances, road travel.

It seems to me that a few things emerge out of that picture. In my opinion no one in the house can quarrel with the idea that the purpose of the functioning of the Department of Transport is to assist in meeting the transportation needs of the people of Canada and that if this is not being done then all these millions of dollars or a large part of them are really being spent to no avail.

It seems to me that the correspondence to which I have referred indicates that somehow or other there is a lack of proper co-ordination between the various agencies interested in transportation. It would appear to me that the administration of the various agencies within the Department of Transport, such as the air transport board, the board of transport commissioners and the Canadian maritime commission, is being carried out by very competent people so far as any experience I have had in dealing with them is concerned. However, with respect to an area such as the part of Canada in which I live it would appear that these bodies are not being co-ordinated so that there is an over-all arrangement.

I think further that while the pattern shows that so far as the Department of Transport, the Department of Public Works and the Post Office Department are concerned, each one may be attempting to do a good job within its own sphere. Nevertheless there is no co-ordinated arrangement to see that the most effective type of service is given. I also believe that the car ferry transportation situation to which I have referred indicates that some better form of co-ordination must be devised between the federal transport

authorities and the same agencies at the provincial level than exists at the present time. I cannot see that it is necessary, for example, that there should be a runaround on the question of responsibility for a ferry slip here or a ferry slip there, and the people in various communities should not have to resort to the haphazard hit and miss method of appealing first here and then there in order to get action.

Suggestions are being offered in various quarters now that there should be ferry services here and there, but no one seems to accept the responsibility for creating an over-all pattern of transportation development. With the technical advances that are being made it would appear to me that that is becoming an increasingly necessary thing to do. As one of the new members of the house I hesitate to attempt to make any detailed analysis of the over-all policy that should be established with regard to such a complicated department as the Department of Transport, but if I may be permitted to make one or two observations I would say that in my opinion there has to be a change in the fundamental concept of the function of the department.

The functions of such bodies as the board of transport commissioners, the air transport board and the Canadian maritime commission are primarily concerned under the present set-up with the question of regulation; they are regulating bodies. It seems to me that if the transportation needs of the country, particularly of the part of Canada which I have been describing, are going to be met the concept of a regulating body has to be changed to that of a planning and co-ordinating body, and that there must be a close liaison between the various forms of transportation.

Some hon. members will recall that for quite a long period of years a subsidy of $100,000 a year, I believe, was paid towards the operation of the famous west coast steamer, the *Princess Maquinna*. She has now seen the end of her service but while in operation met a need which could have been eliminated almost overnight if certain highways had been built by the provincial government. Without attempting to go too deeply into the question of federal participation in developing a highway system, I believe that in the long run it would be sounder economics if the $100,000 a year which was paid for many years from the federal coffers had been used to assist in the development of a highway system on Vancouver island so that the west coast communities might have had quick and easy access by road to the rest of Canada. We would now have something to show for the money whereas that subsidy, as indeed in the case of every other subsidy that might be granted, is in effect money down the drain.

I do not know that I expect the minister to accept my thinking with respect to planning transportation entirely, but it seems to me that within certain limitations there has been very effective planning of transportation in Canada. Where some of our able people have been put to work they have produced such services as Trans-Canada Air Lines. The only point I make there is that the planning does not go far enough. It seems to me that if the transportation needs of Canada were regarded as something to be provided for by a national public utility like the Post Office Department it would be possible to plan an over-all transportation system. No one, I think, would quarrel with the idea that it would not be proper if mail service was established from Ottawa to Vancouver and stopped at Vancouver with the result that people living anywhere beyond Vancouver had to get their mail by any sort of hit-or-miss arrangement that they might be able to devise.

In my opinion transportation falls essentially into the same category as the postal service so far as the people of Canada are concerned, and because of the kind of transportation methods being developed I believe the time has come when the only agency in Canada that can accept over-all responsibility for the co-ordination of that service is the federal government. If that responsibility were accepted then provision could be made for the most logical methods of transportation to all communities in Canada, either inland or coastal.

So far as I can see, it would not necessarily mean that some new transportation monopoly would have to be set up. It would mean that there would be responsibility upon someone to see that the most economic transportation services were being provided to all the people, just as the postal authorities accept the responsibility for seeing that the mail is carried by the best possible method. Of course, the mail service, as indicated by some of these letters, is very closely tied to the question of transportation facilities that are available. To that extent, at least we could be killing two birds with one stone.

I would suggest that as a minimum step in this direction consideration should be given to extending the powers of the Canadian maritime commission at least to equal the powers of the air transport board with regard to arranging what facilities are going to be provided, and under what conditions. The arbitrary manner in which various

steamer services are being withdrawn, without any regard as to whether a substitute for them is available, certainly is not creating a satisfactory situation so far as the people in the coastal areas of British Columbia are concerned. When I say that I do not mean that I feel steamer services should have to continue to operate where their operation is completely uneconomic. It should be obvious that with the proper development of the road system, and the use that people are making of cars and trucks, this question of car ferry service is closely tied in with a proper solution of the transportation problem on the coast.

Certainly the passing of responsibility from one level of government to another is not something that should continue. I feel that in mentioning this subject under the estimates of the Minister of Transport I am attempting to point out the fact it is a problem that is beyond the range of policy of only the Department of Public Works or only the Post Office Department. So far as I can see the only department of the federal government that can make a move in the direction of a logical solution is the department for which the Minister of Transport is responsible.

Mr. Michener: Before we start the consideration of the details of these estimates, I should like to invite the minister's comments on a problem that has not been raised so far this session, that is the problem of the control of that unwelcome by-product of steam transportation, smoke. I shall just take a moment, Mr. Chairman, to indicate to the minister what I have in mind. There have been a good many studies of the control of smoke and air pollution in the major cities. I suggest that it is a matter of concern for the Department of Transport, one of the many concerns of that department, because steam locomotives and steamships are very substantial contributors to air pollution and they are not so directly under the control of the municipalities as industrial plants and other factories, which add to the pollution of the air in our major cities.

I wish to refer to a paper by Professor E. A. Allcut, of the department of mechanical engineering of the University of Toronto which was delivered last year to the American Society of Mechanical Engineers. In this paper he says:

> Among the worst offenders with regard to smoke emission are the railroads and steamships, but the municipal authorities have no control over these agencies, as they are under the jurisdiction of the board of transport commissioners for Canada. This is a dominion (federal) board and has the usual characteristics of a governmental department.

I am not sure whether that last ambiguous statement is by way of praise or condemnation. He goes on to refer to the problem on the Detroit river where there is a great deal of shipping and transport, and then he comes back to the question of the railways in these words:

> The railways also are causing some trouble, particularly in the round-houses. However, they are installing oil lighting-up systems and external steam-starting equipment in several places and are giving special instruction to firemen on proper methods of lighting-up and feeding the fires.

Then, he refers to certain general orders of control and goes on to say that the solution lies largely in the adoption of the diesel locomotive.

Just to give the background of my reason for referring to this matter, Mr. Chairman, the main problem is in the bigger cities. Toronto according to the Ringelmann scale which is used by people who make these studies has an index of smoke density of ten, which is the highest in Canada and is shared by Hamilton, Kingston, Saint John. Montreal, the largest city in Canada, has an index of nine. I should like also to refer to a chart showing the density of pollution in the city of Toronto. This is rather an older chart, 1932, and it indicates that the greatest deposition of smoke material in Toronto is in the vicinity of King and University avenues, just opposite the railway station. At that point the deposit of solids in tons per square mile per year was 645 tons. Going north a half mile to College and University, it is reduced to 453 tons, about two-thirds as much.

The cities have been making substantial efforts to control this problem through by-laws. What I wish to ask the minister to consider is whether there is anything further that can be done under the direction of his department to limit or reduce the pollution in so far as it comes from railway locomotives. I have the figures on dieselization, if I may use that term, on the Canadian National, and the Canadian Pacific has about the same ratio. At the end of last year the steam locomotives numbered 1,804, that is road locomotives, and switching locomotives numbered 498. Then, there were 33 electric locomotives, and I would like to ask the minister where those are employed.

Then we come to the diesels. Of diesel electric road locomotives there were 176; road switching, 101, and diesel switching locomotives, 226. The use of diesels in the larger cities for switching purposes, if practicable, for purposes of taking trains in and out, would make a great contribution to the solution of this difficulty.

And it is not an imaginary difficulty. A normal human being takes in 30 pounds of air each day, 2·7 pounds of food and 4·5 pounds of water. We are very careful about the food, and the purity of the water. Notwithstanding the fact, however, that we take in a great deal more air—and some of us seem to give out a great deal of it—we are not so careful about the purity of the air.

While this subject may be considered somewhat remote from a discussion of the estimates, it seemed to me that this was the proper place to raise the issue. I feel some help can be given to the cities. While those cities can inspect locomotives and their fires, to see whether they are being properly fired, they appear to have no control over their operation.

As a final word on the subject may I refer to inspections. Up to July 1 last year, inspectors in Toronto inspected 5,940 industrial plants, 3,787 locomotives and 24 ships, making a total of 9,700 inspections of smoke-emitting fires and furnaces. Inspections disclosed unsatisfactory conditions in 398 plants, 108 locomotives and 22 ships. So that there is a real problem here which may be a proper subject for the minister's attention.

Mr. Chevrier: May I take only a moment to deal with this problem, which is indeed a very important and difficult one. I have no doubt the statements made by the hon. member for St. Paul's about the density of smoke in Montreal and Toronto are accurate. The problem has been approached in Montreal—and I shall refer later to Toronto, although I do not know just how it has been dealt with there. But in Montreal the problem was pretty serious and acute, and it was felt that the municipality should do something about it. They made representations to the board of transport commissioners. While the board may not have direct jurisdiction, it does have some control over smoke nuisance. They suggested in the course of the hearing that took place that a committee be established, and this was done by the city of Montreal. It was composed of engineers from that city, as well as representatives from the board of transport commissioners and other groups, such as the board of trade.

I recall that I saw a delegation of about 25 people from Montreal three years ago with respect to this subject. They were then seeking to remove the smoke from the Turcot yard roundhouse. While they did not succeed entirely, their efforts were not in vain because in their anxiety to assist the Canadian National Railways added new equipment which proved to be helpful. While I am not suggesting that the problem in Montreal has been solved—because it has not—the fact is that it has been attacked in a different fashion. Since that time the railways have decided to dieselize their service.

I know that in Toronto, while there are still some steam locomotives operating in and out of the city, there are far more diesels being operated now than ever before. And with the coming into operation of more and more diesels and switchers the condition will be improved substantially.

The hon. member dealt also with steamships. The board of transport commissioners has no jurisdiction over steamships, certainly not over the smoke emitted from the stacks of steamships. I should think that perhaps if a committee such as the one to which I have already referred has not been established in Toronto, that might be the method of approaching it. I know the railways are anxious to find new technical developments which will assist in doing away with smoke. I can assure my hon. friend that the railways, both the C.N.R. and the C.P.R., in co-operation with the board of transport commissioners, are giving the matter serious consideration.

(Translation):

Mr. Dufresne: Mr. Chairman, I have no intention of taking much time during the debate on the estimates of the Department of Transport.

However, I believe I would be remiss in my duty if I did not inform the house at the proper moment of the opinion not only of the constituents I have the honour of representing but also of all the citizens of Quebec city, on two thorny problems which arouse public opinion at home.

My fellow citizens of Quebec who like their city and have for it a deep attachment are as concerned as anyone else about its progress, development and improvement.

Quebec's greatest industry is undoubtedly the tourist trade which brings every year numerous visitors to the old capital; it has indeed become proverbial and is generally recognized.

Millions of people visit us each year, confident that they will find in Quebec something different, in our way of life, our tradition and our history, as well as in our sites that so eloquently tell of our past.

Referring to the capital city of my province, we always say "Old Quebec". Is it because our city has existed since 1608, when it was founded by Samuel de Champlain, that is, 350 years ago, or is the expression meant to underline conditions which have existed too long already and cannot be improved because of a lack of co-operation?

Both interpretations of the term "Old Quebec" are full of truth, but I prefer the former to the latter, which I endeavoured to reproduce faithfully.

Without further delay, the Minister of Transport (Mr. Chevrier) will allow me, no doubt, in the name of those I represent, as well as in the name of the people of the city of Quebec in general, to discuss as briefly as possible these two problems which are vital to the development and progress of the city of Quebec, namely to remove level crossings, deepen the St. Charles river and put an end to water pollution in the Lairet river.

(Text):

The Chairman: Order. May I interrupt the hon. member, in view of the fact that we are expecting a message. Shall I rise, report progress and request leave to sit again?

Mr. Harris: Yes, later this day.

Item stands.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Alfred Rubens.

An act for the relief of Clara Stein Rosenberg.

An act for the relief of Birdie Gladys Schwarz Bard Yudelson.

An act for the relief of Lilli Schwab Barber.

An act for the relief of Laura Fanny Hoddinott Peckford.

An act for the relief of Michael Samulack.

An act for the relief of Natalie Wynohradnyk Wolcovitch.

An act for the relief of Joan Bechard Tutty Copeland.

An act for the relief of Georgette Mertens Herscovitch.

An act for the relief of Mary Veronica Carmichael Mosher.

An act for the relief of George Thomas LeGrow.

An act for the relief of Marie-Reine Roy Laflamme.

An act for the relief of Gabrielle Gagne Nantel.

An act for the relief of Velma Mackland Giles Boyer.

An act for the relief of John Wright Sinclair.

An act for the relief of Florence Jean Moffatt Tucker Johnston.

An act for the relief of Margaret Hilda Popper Parker.

An act for the relief of Cecil Alfred Ellis.

An act for the relief of Robert Jackson.

An act for the relief of Madeleine Marguerite Faure Eden.

An act for the relief of William James Cutler McKillop.

An act for the relief of Agnes Mary Kelly Winters.

An act for the relief of Florence Elizabeth Hough Topp.

An act for the relief of Roch Cote.

An act for the relief of Domina Emerius Lefebvre.

An act for the relief of Charles Edouard Dubois.

An act for the relief of Donald Clarke Allen.

An act for the relief of Jean Albert Raymond Rasson Desloover.

An act for the relief of Hazel Helena King Featherston.

An act for the relief of Jessie Ruby Dawe Greenslade.

An act for the relief of Jean Nelson Williams Blampied.

An act for the relief of Horace Gervais.

An act for the relief of Margaret Ann Eddie Casselman.

An act for the relief of Marcel Prud'homme.

An act for the relief of Michele Grignon Ferguson.

An act for the relief of Emile Groulx.

An act for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.

An act for the relief of Muriel Spencer Campbell.

An act for the relief of Yetta Frumkin Binder.

An act for the relief of Vera Mary Drummond Stafford.

An act for the relief of Alice Beatrice Cutler Murdoch.

An act for the relief of Maartje Stelling McLachlan.

An act for the relief of Wilfred Roy Fricker.

An act for the relief of Dorothy Adelaide Jorbahn Rosburg.

An act for the relief of Joseph Bernard Bertrand.

An act for the relief of Ann McKinnon Archibald Barnes.

An act for the relief of Joseph Gerard Arthur Valmore Tremblay.

An act for the relief of Marie Jeannette Lucille Catherine Clement Cantin.

An act for the relief of Pauline Prussick Astrof.

An act for the relief of Martha Betty Schenck Clarke.

An act for the relief of Felice D'Abate.

An act for the relief of Olga Korim Falardeau.

An act for the relief of Harold Robertson Mann.

An act for the relief of Sophie Rosenberg Rosenberg.

An act for the relief of Frederica Priesel Barrett.

An act for the relief of Jean Bertha Thomson Lanthier.

An act for the relief of Roger Tremblay.

An act for the relief of Adelaide Nina Hall Lanktree.

An act for the relief of Fernande Gilberte Andrea Leclair Daoust.

An act for the relief of Diana Barbara Boone Guinness.

An act for the relief of Clara Sperber Meilen Fink.

An act for the relief of Maria Assunta Pilozzi Raspa.

An act for the relief of Robert James Cooper.

An act for the relief of Diana Frances Nash Milmine.

An act for the relief of Ross Willis Garrow.

An act for the relief of Bessie Katz Elman.

An act respecting Victorian Order of Nurses for Canada.

An act respecting Canadian Nurses Association.

An act to incorporate North American Baptists Inc., (Canada).

An act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

An act respecting Trans-Canada Pipe Lines Limited.

An act respecting Eastern Telephone and Telegraph Company.

An act to incorporate Baloise Fire Insurance Company of Canada.

An act to amend the Representation Act.

An act to amend the Department of Transport Act.

An act to amend the Radio Act.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

SUPPLY

The house resumed in committee of supply, Mr. Robinson (Simcoe East) in the chair.

The Chairman: Order. House in committee of supply, item 443, Department of Transport. Shall the item carry?

Mr. Cameron (Nanaimo): Mr. Chairman—

The Chairman: Order. I am very sorry but I believe the hon. member for Quebec West had the floor.

(Translation):

Mr. Dufresne: It is surely not a new thing for those who live in Quebec to hear about those two problems this subject having been on everybody's lips for the past 25 years and more.

The Quebec municipal council or our chamber of commerce have on occasion been requested to express the whole population's point of view on this matter, so that this problem may be solved with the least possible delay. These two very important and highly representative public bodies have been joined by a great number of organizations of no less importance, social clubs for instance, whose devotion and merits are countless and various citizens' leagues formed in every ward of the old capital city.

All these groups, on several occasions in the last quarter century, and on behalf of all the people of Quebec, have demanded the removal of a number of level crossings situated in two historic constituencies of the capital, namely Quebec East, represented in this house by the right hon. Prime Minister (Mr. St. Laurent) and Quebec West, which I have the great honour of representing in the national parliament of the Canadian people.

On September 17, 1953, the Board of Transport Commissioners for Canada held hearings in Quebec city. On that occasion Quebec city, in conjunction with the Quebec chamber of commerce, submitted to the commissioners a brief including a serious and exhaustive study on the removal of the main level crossings in Quebec city.

On February 3, 1954, the representatives of those two influential bodies who had been summoned to Ottawa heard a report and a discussion on the written briefs of the railway companies on the general problem of level crossings across the country. They argued their case in a summary way and promised to produce an additional brief with comments on:

1. The general principles set forth by the companies.

2. Their suggestions or recommendations on the general problem and its several aspects, financial, legal and so forth.

3. The level crossing conditions peculiar to Quebec city.

I do not intend to mention here all the discussions that went on then, but I want to point out the rather strange position taken by the railway companies who wanted the Canadian taxpayers to bear the cost of that grade crossing removal in direct proportion to the benefits they would derive from it.

The companies claim that they should not be called upon to pay for any improvements or systems of protection at grade crossings, when the work is required for the benefit of the users of the road or the public in general, particularly when the railroad has been in existence for a long time. The companies also claim that the road transport companies which compete with them would benefit from, and enjoy all improvements made, without having anything to pay.

In a word, the railway companies warn the general public that if improvements and appropriate protection are deemed necessary, the public should pay for them in the proportion of 90 per cent, while they—the railway companies—would only pay 10 per cent, and this only in the cases that are considered.

The federal government is asked to pay 70 per cent, the provincial and municipal governments not less than 20 per cent.

The federal government can certainly contribute the main part of the amount since it collects from the Canadian taxpayers 77 per cent of the total national revenue. It seems altogether absurd to ask the provinces, which collect only 13 per cent of the taxpayers' money, and the municipalities, who get

barely 10 per cent, to contribute for that purpose. Personally, I think that the federal government and the railroads should bear the whole cost of those improvements.

The grade crossing situation in the city of Quebec is intolerable. Not only does it endanger the lives of the individual citizens but it brings about traffic congestion which is detrimental to the best interests of the city. All day long, numerous passenger and freight trains use the tracks in both directions and very often it seems that the trains are assembled right where the level crossings are situated.

Not only does that fact create a constant risk of death but such interruptions of traffic are prejudicial to the interests of Quebec city. That deplorable situation surely does not encourage the numerous tourists who visit us each year to make, upon their return to their own country, the kind of publicity we would like to have.

Following representations made by the Quebec municipal authorities, the Quebec chamber of commerce and every important organization in the old capital, I would like to ask the Minister of Transport (Mr. Chevrier) and the government to give this serious and urgent problem all the attention it deserves and remedy the situation with the least possible delay. By doing so, the government will enable people from Quebec to add, without hesitation, when asserting that they love their city, that they are also proud of it.

I take this opportunity to submit another request to the Minister of Transport and I am confident that he will gladly support it.

There is only a central station in Quebec city; it is located, as we know, in the eastern part of St. Roch ward. Since the population of Quebec now exceeds 200,000, not counting its floating population, the station has become inadequate for the needs of the large number of people who have to use it. As a result, at certain hours of the day when trains arrive and depart, there is a traffic bottleneck in all the lower part of the city that greatly delays travellers anxious to return home.

I therefore ask for the construction of a new station, which is vitally needed in Quebec, and this station should be located, as everybody agrees, at the foot of St. Sacrement hill, at the limits of the city of Quebec, for the convenience, first of all, of the people of the constituency of Quebec West, and of an important part of the constituency of Quebec South, including the town of Sillery and the municipality of Ste. Foy in the constituency of Quebec-Montmorency. This station would serve a community of no less than 100,000 people.

I lay this request before the minister, and I feel assured that he will take into consideration the interest of the people of the city of Quebec.

The second urgent problem, which I have had the opportunity of mentioning several times already since the beginning of this session, has to do with the deepening of the St. Charles river and the purification of the Lairet river, both of which run through the Prime Minister's constituency.

The St. Charles river, moreover, runs between the riding of Quebec East and the constituency which I have the honour of representing in this house.

For at least 25 years and to a growing extent these two rivers have been little else to the people of Quebec than open air sewers. From them rise nauseating odours that threaten the health of our people. These sickening smells are particularly offensive in the densely populated St. Sauveur and Limoilou districts inhabited by fine, low-salaried working people who, during the summer, have to breathe the foul smells rising from these veritable dumps. These working people are not sufficiently well off to be able to spend the summer in the country and enjoy it as do those who have more money. It would seem that these families, which for the greater part are large, are entitled to some consideration. They should not be forced, during the summer, to breathe these innumerable foul stenches, to say the least, with which these rivers are polluted. The doctors of Quebec all agree in branding these rivers as a source of infection which may well breed contagious diseases, and even epidemics.

I have often heard it said in Quebec city that when there is a flu epidemic or an epidemic of some sort of fever, it is on account of a virus that spreads in the air. I believe, Mr. Chairman, that a more thorough medical investigation would soon show that such a virus—there may be more than one—is to be found only in the St. Charles and Lairet rivers.

I want to assert again that a lot of diseases with which our people are stricken are due to the infectious conditions to be found in these two rivers which are a constant health hazard.

I have already appealed directly to the right hon. Prime Minister in order that those

projects which everyone in Quebec is asking for may be started without further delay. Unfortunately I received no answer, and no hope has been given to our good people.

In the dying days of this session I appeal again to the right hon. Prime Minister to provide the solution which every citizen of Quebec is waiting for. The carrying out of such projects would first of all protect the health of our people, it would improve the aspect of Quebec, would free our people from the foul smell of that open air sewage, and would help to solve in Quebec unemployment conditions which are still acute.

People ought to stop telling us that there is no money. The Canadian nation has never been taxed to such an extent since its very beginning, and the federal treasury never was so full.

I do not object to Canada helping foreign nations, and presenting India with $20 million so that it may build a hydro project.

Mr. Gauthier (Portneuf): Order.

Some hon. Members: Order, order.

Mr. Dufresne: —but please let us not be so prodigal with the people's money, before our own population benefits from projects that are essential to the protection of its very existence.

(Text):

Mr. Cameron (Nanaimo): Mr. Chairman, before we go on to the details of the estimates of the Department of Transport, I want to bring the minister's mind back again to a matter that he and I discussed some months ago now. I would refer him to page 151 of *Hansard* of November 19, 1953 where he had an interchange with regard to the establishment of a coastguard on the Pacific coast of Canada. At that time, in answer to my query in which I had suggested that we are dependent on the United States coastguard and had asked if the government had any plans for the establishment of a coastguard service of our own, the minister had this to say:

> Mr. Speaker, I find myself in disagreement with my hon. friend as to the first part of his question. I do not think it is accurate to say that we are dependent on the United States coastguard on the west coast. On the contrary, we have two very modern life-saving stations on that coast, on Vancouver island, with two modern boats operating at pretty fast speeds. Then, over and above that, we have a voluntary service covering the whole of the west coast of Vancouver island. Under the circumstances I do not think that I can answer the last part of my hon. friend's question in the affirmative.

[Mr. Dufresne.]

Now, Mr. Chairman, that exchange gave rise to a number of reactions from different quarters. It gave rise in the first place to an editorial in the Victoria *Daily Colonist* condemning me very heartily for having asked the minister this question because apparently in the view of the editor of that paper the minister and his colleagues in the government are so subject to pique, shall I say, that the *Daily Colonist* was quite sure that because I had raised the matter the government would unreasonably refuse to take any action with regard to a resolution that was passed by the British Columbia legislature on the 17th of October last year. The suggestion was that had I left the matter alone in due course the federal government would have taken action with regard to the resolution which was passed unanimously by the British Columbia legislature on October 17 last. For the sake of the record I am going to read the resolution. It reads as follows:

> Whereas the volume of water-borne traffic on the coast of British Columbia is of considerable magnitude, involving many millions of dollars worth of equipment and the transportation of hundreds of thousands of persons annually;
>
> And whereas the incidence of accidents involving considerable loss of life and property has risen to an alarming rate in recent years;
>
> And whereas no efficient organization for the protection of such lives and property has been established on the British Columbia coast;
>
> Therefore be it resolved that a petition be presented to His Honour the Lieutenant Governor praying that His Honour will cause representations to be made to the dominion government that, in the opinion of this house, it is desirable to establish an adequate Pacific coastguard service with men and lifesaving equipment so stationed at points on the coastline as to extend the utmost protection to lives in peril through marine disasters in coastal waters.

Now, Mr. Chairman, that resolution was passed unanimously by the British Columbia legislature, and because the majority, in fact almost all the members of the British Columbia legislature now belong to parties that are not represented in this government or in the official opposition in this house I suppose it might be said that it is easy enough for such a legislature to take this action and not to worry about putting the federal Liberal government in an embarrassing position. But I would remind the minister, before he might be tempted to make such a suggestion, that when I was in the British Columbia legislature, sitting as an opposition member faced with a Liberal government, a precisely similar resolution was passed unanimously. So I think we can take it for granted that British Columbia legislatures of whatever political stripe are of the opinion that this government should establish a coastguard service.

However, I was not content with that and I did not agree with the view of the Victoria *Daily Colonist* that this government would be deterred from taking what it considered to be a necessary and useful action merely because the Minister of Transport had been asked a question by an opposition member. I, on the other hand, took the position that this government would reach its decisions after sober consideration of the facts and sober consideration of the opinions of those in a position to know the facts. Therefore I got in touch with the people who earn their livelihood in the coastal waters of British Columbia, and I have a letter from the fishing vessel owners association of British Columbia which I am going to place on the record. It is addressed to me and is dated January 15, 1954. It reads as follows:

Dear Sir:

Your letter of November 27, 1953 referring to the statement made by Mr. Chevrier regarding our existing coastguard facilities was read to a recent general meeting of our association. Our members cannot understand how our government can be so thoroughly misinformed. In our opinion, the federal fisheries department is very efficient and well posted on this and relative questions. It is no problem for the government to get the facts if it wishes to do so. As far as we are aware, there is no voluntary service in operation at the present time. However, the formation of such an organization, composed of personnel, vessels and aircraft from the various services and government departments under a unified command, for the purpose of rescue and salvage, would not be too difficult or expensive and could well be the answer to the problem.

The lifeboat stations at Tofino and Bamfield are satisfactory for lifesaving purposes and salvage of small vessels in their immediate area. However, their sphere of operation is so limited that they are not too important as far as coastguard activity is concerned.

During the latter part of the last trolling season, one of the larger vessels, the M.V. *Francis R.*, caught fire and burned to such an extent as to be declared a total loss. Within five minutes of the call for help, an aircraft arrived over the scene to be followed shortly by two vessels, all from the American coastguard. They were instrumental in putting out the fire and seeing to the safety of the owner. The Bamfield lifeboat arrived after the fire was out and towed the hulk into Bamfield.

Many times each season Canadian vessels are given assistance and towed to safety by the American coastguard. We are very thankful for their help, but we would prefer a Canadian service in our own waters. Surely Canada is able to carry her fair share in this respect and look after her own citizens when they are in need. . .

The letter is signed by Mr. H. A. Christenson, secretary of the fishing vessel owners' association of British Columbia. Then I have a letter from the united fishermen and allied workers' union dated December 2, 1953 which reads as follows:

Dear Sir:

We were pleased to receive your letter of November 27 regarding a coastguard service for the Pacific coast.

We certainly cannot agree with Mr. Chevrier's remarks on this question. It is true that the Department of Transport maintains lifesaving stations on the west coast of Vancouver island. These stations are located at Bamfield and Tofino. Each of them is equipped with one 36-foot lifeboat powered with a 110 h.p. G.M. diesel engine. Anyone who has had any experience on the west coast of Vancouver island will readily agree that these craft are entirely inadequate for the area and type of work involved. It is granted they could perform a limited service under certain conditions. However, in heavy weather they would be next to useless and in any event they are incapable of carrying sufficient equipment and rigging to do a real job of saving lives and property at sea. They would be more suited to act as auxiliary vessels or for work in an area like the gulf of Georgia.

In our opinion the nucleus of an adequate coastguard service should consist of a minimum of three ships of approximately 150 feet in length. One of these should be stationed on the west coast of Vancouver island, one in the vicinity of Bull harbour to take care of Queen Charlotte sound and approaches, and one over on Queen Charlotte islands looking after Hecate strait, Dixon entrance and the west coast of the Charlottes.

These larger ships should be equipped with all the latest in lifesaving gear, marine radio, etc. In addition, there should be a network of smaller vessels stationed at strategic points along the coast to supplement the work of the large coastguard ships. Ports such as Vancouver, Victoria, Nanaimo, Campbell River, Alert Bay, Ocean Falls, Prince Rupert and other points along the coast should have one of these smaller vessels available for rescue work as part of the coastguard service . . .

Mr. Chevrier mentions a voluntary service presently in existence. Probably he failed to explain it in any detail. This is a service handled by the twelfth air force squadron in Vancouver. They work in co-operation with the Department of Fisheries, Department of Transport and the Royal Canadian Navy.

All government ships, including naval tugs, fisheries patrol vessels, lighthouse tenders etc. maintain contact with the twelfth air force squadron. They maintain a staff which continuously plots the position of all government ships on a large map. When a distress call is received, they contact the vessel or vessels closest to the ship in trouble to render whatever assistance is possible.

There are two main weaknesses in this service—(1) they have no control over movements of the ships involved but can only plot their positions. Thus a shipwreck or disaster can occur when all of the voluntary service happens to be hundreds of miles from the scene; (2) the ships involved are not fitted out for the job of saving lives and property at sea. They are suited to the main job they are performing and cannot be classified as a coastguard service.

We might point out that probably 90 per cent of the lifesaving on this coast is performed by freighters, tugboats, passenger ships and fishing vessels. They always help or try to help a fellow mariner in distress. However, this mutual aid does not remove the necessity of a well-equipped properly planned and trained coastguard service.

We would therefore appreciate any further action you may take in regard to our request.

Fraternally yours,

United Fishermen and Allied Workers' Union.

Now, Mr. Chairman, I have here a report from the *Fisherman*, the newspaper of the fishermen's union, with regard to the most recent tragedy on the Pacific coast, that is

the tragedy in which the *Chelan* was sunk, and all her crew were lost. Here again I must call the attention of the minister to the fact that the only available help came from the United States coastguard service. Because of the position of this wreck, and the position of the nearest unit of the United States coastguard service in Alaskan waters, that help was quite ineffective and so far has not resulted in locating any trace of the wreck or any sign of those who were drowned.

Well may the Vancouver *Sun* in an editorial of March 16 of this year say "But we need a coastguard". This editorial says:

> There is a simple reason why tugboatmen around the port of Vancouver are setting up their own rescue service—they are fed up with Ottawa's repeated "No" to requests for a fully manned, properly equipped B.C. coastguard.
>
> Lives of hundreds of men and millions of dollars' worth of property are at stake on one of the trickiest stretches of coast in the world. "The federal government won't help. We keep seeing valuable lives lost every year", said Capt. Cyril Andrews, of towboat employment agency, who has been the guiding spirit behind the new rescue plan. "So we're linking up with R.C.A.F.'s air-sea rescue organization in a day and night operation. What we're doing is co-ordinating into a set-up the desire of every crewman and officer to help his fellow seamen".
>
> It is roughly calculated that of 318 tugboats located in this area, about 250 are at sea at any given time. This is obviously a handy rescue force available, with the vessels equipped with ship-shore radio or wireless and many with radar. Details of fitting these vessels in with the R.C.A.F. are being arranged.
>
> The plan will be that when R.C.A.F. air-sea rescue watch receives a distress call, in addition to owner, R.C.M.P. and government vessels being alerted as in the past, headquarters of the towboat employment agency will be warned and they will radio tugs at sea in the area.
>
> It is a self-help plan deserving the highest praise. But it is not the complete answer to safety needs on B.C.'s dangerous coast. The *Sun* repeats again that B.C. must have a coastguard of trained men in fast, seaworthy vessels, one type for use in inland waters, a second for deepsea work.
>
> Ottawa must recognize that it is a national duty to safeguard the lives of seamen and the property they have in their charge.

I noticed the minister was smiling very gaily as I was reading that editorial. I wonder again, as I wondered last year—

Mr. Chevrier: On a point of order; I was not smiling at what the hon. member was saying.

Mr. Cameron (Nanaimo): All right; I beg your pardon.

Mr. Chevrier: I was talking to my officials in front of me, and was listening very carefully to what the hon. member said.

Mr. Cameron (Nanaimo): I am glad to have that assurance from the minister, and to know he realizes this is a very serious problem; that it involves a stretch of coast that has earned the unenviable name and reputation of being a graveyard of the Pacific. Despite the assurance someone has given the minister that the coast is adequately protected at the present time, the fact remains we are dependent in large measure upon help from the United States coastguard service. In the last few disasters that have taken place, this help has proven inadequate; there has been no effective rescue work performed. These men who are risking their lives every day, because of governmental neglect, are now trying with their inadequate means to protect their own lives through the sort of voluntary organization I have described.

I hope the minister will take this problem and give it serious consideration. I hope he will realize that it is not merely a demand for government help, it is a serious cry for help from men engaged in a most hazardous occupation along probably one of the most dangerous stretches of coast in the whole world.

Mr. Chevrier: I am sure my hon. friend will expect me to say something in answer to his observations, and I will say it just as briefly as I can. I am sure he is not aware of what the government has done, otherwise I do not think he would have approached the problem in the manner in which he has. The government has given very careful consideration to this whole question. Some years ago a committee was appointed composed of representatives of the maritime commission, the Department of Mines and Technical Surveys, the Department of Fisheries, the Department of National Defence, army, navy, air force, Department of Finance, Department of National Health and Welfare and Department of Transport, to review the arrangements for search and rescue and make recommendations for a more efficient service. That committee considered the subject in detail and there was a debate in the house on the very matter to which my hon. friend now refers. The reference to the committee arose in a similar debate that took place in this house at that time.

I would ask my hon. friend to bear this in mind. The chairman of that committee was none other than a Vancouverite, the then chairman of the Canadian maritime commission, namely Mr. Justice Clyne of the supreme court of British Columbia. He was assigned by the Department of Transport to inquire into the whole question of a coastguard service. In the course of the studies of this committee, this is what they found. To permit Canada to establish an efficient coastguard service there would need to be a capital cost of $9,033,000, and an operational

cost of $2,684,000. A statement made to me by one of the members of this committee indicated that the setting up of a new coastguard service to perform search and rescue duties on the coasts and the great lakes would involve a capital cost of roughly $9 million, would require an annual maintenance additional to the present cost of the R.C.M.P. marine service and the R.C.A.F. search and rescue service, of about $3·25 million, or $12·25 million for such a service.

I do not deny, and neither does the government, that that would be a good thing. The government did not feel it could spend that amount of money because of conclusions of the committee in regard to the cost of establishing a coastguard service at that time. The committee went further and made recommendations which I placed on *Hansard* at that time, and which are too lengthy to repeat now, but there were a series of recommendations, the object of which was to protect our coasts. One of the main suggestions was that all the departments concerned should review and centralize their activities under one head, and that was the Department of National Defence air service, which would take charge of search and rescue operations on both our coasts.

The same debate took place then as is taking place now; and it was said that we depended on the American coastguard service for safety on our coasts. During that debate the Minister of National Defence placed on the record a number of instances where Canadians went to the rescue of Americans, and pointed out that we did just as much in the way of assistance on the east coast and in the international section of the great lakes for Americans as did Americans for Canadians.

I do not wish to go into this matter in greater detail; but if my hon. friend will look at the debates which took place at that time he will find that there was no intention then, any more than there is today, to neglect the safety of our waters. It was felt that because of the tremendous cost the only thing and the best thing to do was to adopt the recommendations of the committee. But I would not want the hon. member to think that the Department of Transport, through its marine service or any other branch of government, is taking this lightly. On the contrary it is a serious matter, and the day may come when we will have to establish a coastguard service. But because of the many demands which are made not only for this fine service, but for the many others that are raised from time to time, thus far it has been found impossible to meet the wishes of my hon. friend.

Mr. Hamilton: Mr. Chairman, there are just a few further remarks which I think might be made in connection with some I made earlier, in reply to the Minister of Transport. The first thing, of course, that perturbed me—perhaps it was a matter of misunderstanding—was that he did not seem to hear clearly some of the remarks I was making. I remember, for example, saying in, I think, a reasonably strong voice, though perhaps not as strong as the minister's, that Canada's airports are shamefully inadequate in almost every case. The minister was very much worried and said, "I do not think that even if the hon. member will quote what I said that I used the word shamefacedly". That is the expression he used. Well, obviously he was not hearing very well.

Then, later on in the same debate I had said that if he does not recognize the airport situation, that is for him to say. And the minister said, "I do not know what my hon. friend is referring to when he speaks of the air force". So perhaps if he had been listening to my remarks that would have helped us along.

Secondly, I was interested to hear him say that his airport and building facilities compared favourably with the United States, having regard to the population. I think perhaps those five little words, "having regard to the population", are an interesting commentary. After all, our population is only 10 per cent of that of the United States; so I presume the minister is happy if he feels that his buildings at our various airports are 10 per cent as good as they are in the United States. Frankly, I do not think that is good enough. And my point is that I definitely cannot accept a statement of this kind, with words such as that hedging it around.

Then the minister attempted to show where he had been misquoted. Well, I was very careful to point out where my quotations started and finished, particularly because the minister had been so worried and we had got into an altercation earlier, even before the quotation was made. And that is why I was so careful to delimit the quotations.

Then of course, in his rebuttal, he missed the point of my argument completely, because I had made a sharp differentiation between landing strips, equipment and buildings. And he, in his reply, went into detail about landing strips, radar and other things which I agree we have. He did not deal adequately with buildings. I tried to be as kind as I could. I did not mention the international airport at Montreal, and I do not propose to mention it now. I imagine however that the minister has some acquaintance with it and knows just what a miserable front door it is for those coming to Canada.

Mr. Pickersgill: The front door is Gander.

Mr. Hamilton: The minister quoted an official of T.C.A. saying how good his airport buildings were. Well, I am not too concerned with whether T.C.A. responds to the Minister of Transport or responds to the Minister of Trade and Commerce. I have a suspicion that if they do—as they do—respond to the Minister of Trade and Commerce, they jump through the hoops even more readily, and they would be even more inclined to pat the government on the back than they would be when responding to the Minister of Transport.

And, incidentally, is that not a curious situation? We have a Minister of Transport; but the air lines, the stock of which is owned by the C.N.R., report to the Minister of Trade and Commerce. One would think that the Minister of Transport would be responsible for that. It sounds logical. But logic is not always perhaps the thing which we find most evident in this government.

Then, I should like to touch on another point rather briefly. It is that such words as "unethical", "misstatement", "inaccuracies" and "exaggerations" seem suddenly to have become parliamentary—at least they are parliamentary, it would seem, when they are used by the Minister of Transport. I was curious about the point, and took the trouble to look in this little book which contains the standing rules of the house. It will take only a moment to find the rule in question, and I think it should be drawn to the attention of the committee that some of the expressions the minister used when referring to my argument were hardly in line with rule 238 which says:

> The imputation of bad motives, or motives different from those acknowledged, misrepresenting the language of another, or accusing him in his turn, of misrepresentation, charging him with falsehood or deceit; or contemptuous or insulting language of any kind; all these are unparliamentary and call for prompt interference.

I was delighted, actually, to see that these words he had used—particularly "unethical" —seemed suddenly to have become parliamentary; because I am sure we will have occasion to use them many times in the future when we are dealing with various actions of this government.

Finally, here is an interesting example of the type of argument the minister used in attempting to refute my argument. He said some rather strong things. He does not think we are qualified—and certainly does not think I am qualified—to deal with his department at all. Well, on that point, I am prepared to go along with the people who elected me. I think if they are reasonably satisfied, I will stay. And I have much more confidence in their decision as to whether or not I am qualified than I have in that of the minister in the heat of arguing as to the deficiency in his operations.

And let this be my final word. Here, Mr. Chairman, is the minister who has suggested that the full case was not presented in the course of my remarks. He has made that suggestion and that imputation and made that charge. And then, Mr. Chairman, this same individual stands up in this House of Commons and abstracts one paragraph from a group of three paragraphs, abstracts a paragraph which gives the bright side, and ends the quotation there, and omits everything else completely, and absolutely gives a false impression of what this particular man said.

Let us put it on the record, so that we can see the argument that was used tonight in an attempt to show that my case was not as strong as it actually is. The minister had referred to remarks made by Mr. Earle Birney, a Canadian writer and professor of English at the University of British Columbia. The quotation he used was this:

> On the credit side I'd say Canadian air terminals are clean with good facilities for telephones, telegraph, enquiry; washrooms good; well heated and ventilated. Passenger handling, baggage, etc., seems fast, courteous, efficient.

The minister stopped there. But as we know, where there is a credit there is a debit. Let us hear what the next paragraph says:

> On the debit side, no terminal is big enough. Space is cramped. Seating is inadequate whenever there is a holdup, a general grounding. For example, I waited four hours once in Vancouver airport (Sea island) for ground fog to lift. Winnipeg is even more crowded, and awkwardly cut up. The restaurant is hard to find and too small.

Mr. Birney continued in his article to deal with the delay while repairs were being made to a North Star engine, which I cannot lay at the door of the minister. Later on he continues:

> Also, taxi facilities were inadequate and the airport bus had already gone when we found our plane was delayed.

All this was left out by the minister. Mr. Birney continues:

> All the airports need public entertainment facilities. Every American airport I've been in had both radio and TV. And nice! There is a civilized airport, with an open air restaurant (windscreened by glass) where you can sit and watch the planes come in and take off, while you have good food, not expensive, and drink what you want, and enjoy the sun if there is any and listen to music. Seattle has an excellent cocktail bar and a view gallery. If we can't have cocktails—but why not?—at least we could have esplanade restaurants, open in summer, where you can wait, eat, watch T.V. and the planes.

I can understand that the minister was making his own case, and I can also understand why he would omit this as well:

> Every Canadian airport seems to have been designed to prevent people seeing the planes. Ring in some architects who have imagination and give them some space to play with.

That, Mr. Chairman, is the material that was left out by the minister who had the unmitigated gall to say that I was not giving both sides of the case.

Mr. Stanton: Mr. Chairman, I rise at this time to voice my concern with reference to the many dangerous level railway crossings that exist throughout Canada. I know that this concern has been, and is, in the mind of every citizen of this country, when we realize that the level crossing fatalities are increasing year by year. Yes, these tragic accidents are increasing every month. Boys and girls, young men and women, who are in the vigour of life, and who have many long years and perhaps a magnificent career ahead, are suddenly snuffed out in the midst of life or are maimed and crippled for the remainder of their days.

I had a communication from my constituency on Monday telling of the tragic death of one of our young men in his late twenties who was suddenly snuffed out at a level railway crossing. This crossing is comprised of two lines of tracks, which makes it all the harder for trains to be observed by approaching cars. One train goes by—

The Deputy Chairman: Order. I hesitate to interrupt the hon. member—

Mr. Hodgson: It is his first speech.

The Deputy Chairman: Order. If it is the hon. member's intention to discuss the general policy in connection with the administration of the grade crossing fund, and so forth, I would have to point out to him that it was my duty this afternoon to rule out his seatmate when he was making a speech on the same subject. I have no desire to interfere with the remarks that the hon. member may wish to make on the general item dealing with departmental administration; but I am afraid there would be no excuse for me to refuse one member permission to discuss a subject and then permit another member to carry on, on the same subject. With those views in mind I would ask the hon. member to confine his remarks within the ambit of the Department of Transport, and not discuss the subject matter which has been referred to the board of transport commissioners, and is under review.

Mr. Green: I understood your ruling this afternoon to be that a member could discuss any particular grade crossing.

The Deputy Chairman: The hon. member for Vancouver-Quadra is perfectly correct. While I was not too certain of what the hon. member for Leeds was leading up to, I considered it only fair to the hon. member whom I interrupted this afternoon to make these remarks at this time.

Mr. Stanton: Mr. Chairman, I was just leading up to a grievance in my own constituency and the situations that exist there at certain points within the county and within the city of Brockville which I represent. I should like to read from a clipping from the local paper with regard to the lack of signals at this particular railway crossing. The article reads:

> The railway crossing is not marked by a wigwag signal nor is there any sign indicating a crossing to northbound motorists.

That proves beyond doubt that the Department of Transport should be more particular in seeing that railroad crossings are properly marked at different intervals. What untold suffering and agony many of our good people are enduring because of those accidents which could have been prevented if only there had been an overhead pass, a subway or some warning signal! I know that many of those fatalities would have been prevented if proper caution had been exercised by the driver of the car or whatever vehicle it might have been. But let us be honest with ourselves. How many of us in this house today or, I may say, how many of us who drive cars have not at some time forgotten and have crossed a railway track or tracks without stopping? When we see so many blind approaches, of which we have many in my own constituency, when we realize there are so many heavily driven roads and highways where the traffic must go over dangerous crossings, and there is no protection whatever, not even a wigwag, gates or signals of any description, it makes us begin to think that we, or some or all of our own families may be the next to suffer that horrible tragedy.

I should like to direct, in as friendly a manner as I can, the attention of the Minister of Transport to a situation that exists at Brockville. The citizens of that city are sadly in need of a subway to carry the heavy traffic under the tracks. It is not only dangerous, but extremely inconvenient. When the east or westbound train comes to a halt at the station it blocks the old highway No. 29 that carries all the traffic to and from Brockville to the north part of the county. And that is not all. It also blocks

what is known as the new Stewart boulevard, which is a portion of highways Nos. 29 and 42. Since the city is expanding north very rapidly the tracks will soon be in the very centre of the town.

On these two heavily travelled roads the cars at times are nearly bumper to bumper. When the traffic is halted for a passenger train to stop at the station, or for a long freight to go through—and they sometimes stop for long intervals because Brockville is a divisional centre—it not only causes many words to be manufactured by the motorists that are not found in the dictionary, but it also frays the nerves of the city and township councils. At times the traffic is halted for long intervals. On one occasion a car was rushing a patient to hospital when it was forced to halt until the train pulled away from the station, and the delay was for some time, but I am glad to say that the mother and child are doing nicely.

There has been so much criticism about blocking the two roads that lately the trains pass beyond the station so as to leave one road open to traffic. This creates a hardship on the passengers, as they must walk and carry their heavy luggage for nearly two blocks back to the station or to the taxis, as the case may be. This does not create a very good impression on the visitors coming to the city. In this connection I would like to quote an article which appeared in a local newspaper on March 10, 1953.

An hon. Member: Eleven o'clock.

Mr. Stanton: Mr. Chairman, I shall only be a few minutes.

Mr. Gillis: Let us finish it.

The Deputy Chairman: Order. If the hon. member is nearly at the conclusion of his remarks I am sure the committee would be willing to allow him to continue.

Mr. Stanton: I shall only be a few moments, Mr. Chairman. This letter addressed to the editor of the local newspaper reads as follows:

> I wish to make a complaint about the poor system which now exists in Brockville with regard to the stopping of trains at your station.
>
> Being a traveller I have crossed this country from coast to coast and have never experienced such an inconvenience as exists in Brockville. The train stops so far from the station that the passenger is tired out by the time he carries his baggage to the taxis. There is neither porter, red cap nor a convenience to carry one's luggage.
>
> When I arrived in Brockville the other day, the walk from the train to the station was the worst experience I have ever had and I was compelled to rest quite some time before I began breathing in a normal manner again.

An hon. Member: Moral—don't go to Brockville.

Mr. Stanton:

> May I suggest that the station master hire a couple of men or boys to carry the passengers' baggage from the train to the station, or perhaps permission could be granted to the taximen to come beyond the west end of the station to get the luggage. Whatever is the answer, something should be done to assist the passengers before someone drops dead on that long trek from the train to the station.

It is only reasonable to expect that Brockville, with a large new industry just completed, another one under construction, and with the deep seaway a reality in the not-too-distant future, will double its present size before too long. Surely the citizens and travelling public are entitled to and should have a safer and speedier way of crossing the tracks on a highway which is used so heavily by trucks and automobiles.

I hope the minister will give this his full consideration, for surely the people of a thriving and growing city like the county town of Leeds are entitled to and should have much better accommodation than they have at the present time. He might contend that subways cost a considerable amount of money, but it is my contention that a subway in this area is long overdue and every possible effort should be made to provide one for where can we spend our money to better advantage than in trying to save the lives of our fellow Canadians.

Mr. Winch: Mr. Chairman—

Mr. Hahn: Mr. Chairman, I would like to call it eleven o'clock.

Mr. Gillis: Surely we can carry this item. It is becoming history.

The Deputy Chairman: Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, I move the adjournment of the house.

Tomorrow we shall begin with the Department of External Affairs and if we conclude it we shall take national revenue and mines and technical surveys.

Motion agreed to and the house adjourned at 11.05 p.m.

HOUSE OF COMMONS

Friday, May 28, 1954

The house met at 2.30 p.m.

VETERANS AFFAIRS

First report of special committee on veterans affairs.—Mr. Tucker.

TIN

TABLING OF INTERNATIONAL AGREEMENT

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I should like to table three copies in English and in French of the international tin agreement resulting from the United Nations tin conference convened in Geneva on November 16, 1953. This agreement is open for signature from March 1 to June 30, 1954, and it has been decided to authorize the High Commissioner in London to sign the agreement on behalf of Canada. But before ratification of the agreement is deposited opportunity will be given to the House of Commons to discuss it on the estimates of the Department of Trade and Commerce.

TRADE

PORTUGAL—STATEMENT ON AGREEMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, on Wednesday of this week my colleague, the Secretary of State for External Affairs (Mr. Pearson), announced the signing in Madrid of a new trade treaty between Canada and Spain.

I now wish to inform the house that a similar trade treaty was signed today in Lisbon between Canada and Portugal. This agreement was signed on behalf of Canada by the Hon. Mr. Winters, Minister of Public Works, who is at present in Portugal, and by Hon. William F. A. Turgeon, Q.C., Canadian minister to Portugal. The agreement was signed on behalf of Portugal by Mr. Paulo Cunha, Minister of Foreign Affairs, and by Mr. Correa de Barros, director general of economic affairs of the Ministry of Foreign Affairs. Mr. W. F. Bull, deputy minister of trade and commerce, and other Canadian officials have recently returned from Portugal following discussions with Portuguese officials.

This is the first direct trade agreement between Canada and Portugal. It provides for the continued exchange of most-favoured-nation treatment with respect to customs duties and related matters. Both countries undertake not to impose discriminatory import or exchange restrictions, except for balance of payments reasons. When such restrictions are imposed they must not discriminate between countries having convertible currencies.

As part of the agreement, the Portuguese government has agreed to make available import licences and dollar exchange for minimum annual imports from dollar countries of 3,000 tons of dry salted codfish. This quantity is divided between 1,000 tons of small codfish and 2,000 tons of the larger sizes. This arrangement will place Canadian sales of dry salted codfish in the Portuguese market on a more stabilized and permanent basis and will provide an opportunity for increasing sales.

For the first time Canada will accord most-favoured-nation treatment to certain Portuguese colonies. As a result, coffee, which is one of the chief colonial products of Portugal, will now enter Canada at the most-favoured-nation rate rather than at the general rate as has been the case up to now. Canada has also made the following tariff concessions to Portugal: The rate on almonds is reduced from 1 cent per pound to free; the rate on corks, over $\frac{3}{4}$ inch in diameter, is reduced from $4\frac{1}{2}$ cents to 2 cents per pound, while the duty on smaller sized corks is reduced from 8 cents to 2 cents per pound.

I wish to draw the attention of hon. members to the important advantages which accrue to the Newfoundland codfish industry as the combined result of the two new trade agreements with Spain and Portugal, which open up an assured annual market for 100,000 quintals of dry salted codfish, a substantial portion of which can be shipped in small sizes.

[*Later:*]

Mr. Macdonnell: May I ask the Minister of Trade and Commerce a question arising out of the explanation he gave of the Portuguese treaty? What countries would be especially in mind in the reference to no discrimination against countries with convertible currencies?

Mr. Howe (Port Arthur): The meaning of that statement is that if dollars are convertible, the Portuguese government is bound

not to discriminate between dollar countries. If sterling is convertible, they are bound not to discriminate between sterling countries. In other words, any currency that is convertible must receive equal treatment with other currencies that are convertible.

INDUSTRIAL RELATIONS

AMENDMENT RESPECTING LAYING OF INFORMATION OR COMPLAINT

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 466, to amend the Industrial Relations and Disputes Investigation Act (laying of information).

Some hon. Members: Explain.

Mr. Knowles: Mr. Speaker, the purpose of this bill is to clear up an uncertainty that has arisen in connection with the laying of an information, or the bringing of a prosecution, under the Industrial Relations and Disputes Investigation Act.

As section 45 now stands, it is clear that a prosecution for an offence under the act may be brought against a trade union or against an employers' organization. However, in view of a recent court decision, it is now uncertain as to whether an information or complaint can be laid by an aggrieved trade union, or for that matter by an employers' organization. "Against" is all right; "by" is in doubt. The purpose of this bill is to amend section 45 of the act so as to clear up this uncertainty.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

REFERENCE TO STATEMENT BY COMMODORE ADAMS

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I had written out a question for the Minister of National Defence. I had written it in French, but I shall translate it into English for the benefit of the associate minister. In a press conference given in Quebec city on Thursday, May 27, was Commodore K. F. Adams, on this occasion, expressing the policy of the government? If not, will disciplinary action be taken against this officer for making statements so absurd and ridiculous?

Hon. R. O. Campney (Associate Minister of National Defence): The hon. member did not refer to the nature of the statements alleged to have been made by the naval officer to whom he refers. I have not seen the report of the press conference to which he refers, and in any event I would not wish to comment on it without checking as to the accuracy of the report.

CUSTOMS TARIFF

CLASSIFICATION OF CANNED MIXED FRUIT AS PEACHES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of National Revenue?

In view of the exchequer court's rejection of the appeal against the tariff board's ruling to the effect that mixed fruit is not peaches, will provision now be made for rebate of the excess duties paid on the importation of canned mixed fruit during the period that the higher rate of duty has been charged?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I thank the hon. gentleman for having given me notice of his question. We have not yet received a report from our legal advisers, and until such time as we do I am not prepared to answer the hon. gentleman's question. However, notice will be taken of it.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

The Deputy Chairman: We are dealing with item No. 84. For the information of hon. members the item will be found on page 13 of the estimates, and the details on page 157.

Department and missions abroad—
84. Departmental administration, $3,333,583.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Chairman, this item of my estimates gives me an opportunity, of which I am glad to avail myself, to make a report to the committee about my recent trip to Europe, during which I attended the meeting of the North Atlantic council, the early sessions, which were held in London, of the subcommittee of the disarmament committee of the United Nations, which is concerned with disarmament in general and more particularly with the limitation or abolition of weapons of mass destruction; and finally, the Geneva conference on Far Eastern affairs.

So far as the North Atlantic council meeting is concerned there is little that I can add to the communique which was issued at the time. It was a short, regular meeting of the council, with ministerial representation,

at which views were exchanged on the international situation generally, and on the western European and the Atlantic situation in particular, and during which we also discussed ways and means of making the council a more effective body for consultation on foreign affairs.

In so far as the disarmament subcommittee is concerned, as hon. members know, it consists of the representatives of the United Kingdom, the United States, France, the U.S.S.R. and Canada. It was set up by the full committee to go into the question of disarmament, as I have said, in general, and atomic disarmament in particular, in restricted and private meetings, in the hope that by meetings of this kind progress might at least be more likely in a field of such transcendent importance as this is.

The subcommittee will eventually report back to the full committee, and I am not in a position now, as I indicated to the hon. member for Winnipeg North Centre the other day, to report on the discussions that have taken place because of the nature of those discussions and because of the fact that they are still going on. I can say that, because of the restricted and private character of the meetings, we got to grips with this problem very quickly, and that grip has not been loosened.

Now, Mr. Chairman, I can of course—and the committee would expect me to—report in greater detail on the Geneva conference on Far Eastern affairs. That conference, however, is also still proceeding, and because of that fact there is a limit to what I can appropriately say at this time, and certainly no final report is yet possible.

I have returned from Geneva myself, but the Canadian delegation remains, and is taking an active part in the work. It is a small delegation, but as I am no longer a part of it, I think possibly I can say with propriety that, in my view, it is a well-informed and efficient delegation. If the situation seems to require it, of course I can return to Geneva without delay.

The conference now has been going on for some weeks, and I think it is generally agreed that while it would be a great mistake to break it off as long as there is any, even remote, possibility of success, it should not be allowed to go on indefinitely if it becomes demonstrably clear that it is being used only for propaganda purposes.

The conference probably should not be referred to as such because in reality there are two conferences going on at the same time in Geneva. As hon. members know, the first one deals with Korea. The origin of that conference is to be found in the United Nations armistice of July, 1953, concluded in Korea. It will be remembered that in the terms of that armistice there was a provision that a political conference should follow within three months. That was not possible but the conference is now taking place and though it is not a United Nations conference in any formal sense, I think it can be regarded as fulfilling the provision of the armistice agreement which called for such a conference.

The immediate origin of the conference is to be found in the meeting of the foreign ministers at Berlin in February of this year when it was agreed by those foreign ministers to invite the United Nations governments which had forces in Korea, the republic of Korea, the communist government of Peking, and the communist government of North Korea, to take part in a conference to meet at Geneva.

The membership of this conference is in a sense two-sided. Indeed, it might be considered as three-sided. There is the United Nations side, which consists of 15 delegations, including the Canadian, there is the republic of Korea side, which is distinct to some extent from the others because they are not yet a member of the United Nations; and then there is the communist side consisting of the three communist delegations.

We anticipated before we went to Geneva a good deal of difficulty in getting this conference going because of its unique character and composition. There might indeed have been great difficulties over organization and procedure and all that sort of thing which can cause so much delay if anyone wishes to use procedure in order to cause delay. The communists very often in the past have been adept at that kind of thing.

But our fears were not realized and by conciliatory attitudes on both sides all these organizational and procedural difficulties were removed without delay and the conference got down to work at once.

In so far as it went, that was an encouraging sign, but the encouragement which we got from our agreement over procedure has not yet extended to any noticeable progress in the substance of the questions with which we were dealing.

The objective of the conference, of course, was a simple one. It was to convert the armistice which had been signed in Korea into a peace settlement which would last, and on our side, at least, to achieve that settlement by agreement in accordance with United Nations resolutions and decisions on the subject which were meant to facilitate a free, united and democratic Korea.

We must not, of course, forget that we were not in a position at Geneva or indeed elsewhere to impose that kind of settlement on a defeated enemy. And we must not forget either that we have no obligation to impose that kind of settlement on Korea by force. Therefore, it could only be done by agreement, and agreement, of course, has not been easy to obtain.

In seeking such an agreement to attain the objectives laid down by the United Nations, the United Nations and the republic of Korea delegations have worked closely together in friendly co-operation. They have not always, of course, seen eye to eye on means, but have been in agreement in regard to ends.

Such differences are, I suppose, inevitable in discussion between representatives of free governments, but I know the house will agree when I say, Mr. Chairman, that we should try to keep them to a minimum in the face of the common menace which confronts us all.

The communist delegations at the Korean conference spoke as one. They spoke in the same vein and indeed often in the same words in their accusations and attacks largely directed against the United States. I do not think it is an exaggeration to say that 90 per cent of the content of their speeches consisted of propaganda and polemics. We got the same distortions of recent developments in Korea to which we have been accustomed at the United Nations, and we got the same falsification of fact and of history. It was interesting to note that the dialectics and diatribes of the new communist delegations were just about the same as that of the old hands.

The delegates on the United Nations side, though anxious to get on with the business of negotiating a Korean settlement, have not allowed these unfounded accusations to go unanswered. To reply to the slanderous attacks and abusive propaganda which form such a depressing proportion of the communist speeches at meetings of this kind is a time-consuming and unpleasant task, but when the eyes of the world are focused on a conference it is a task which I think we cannot afford to forgo lest it should be supposed in any part of the world, especially in this case in the Asian part of the world, that silence may indicate some kind of consent.

Therefore, Mr. Chairman, in my own intervention in the general debate on the Korean question at Geneva I attempted on May 4 to follow the course which had already been laid down by others in dealing with some of these communist charges, and particularly I ventured to point out that, contrary to the assertions of Mr. Molotov, who took it upon himself to speak for Asia, we in the west did understand, and fully accepted, the significance of what has been taking place in Asia over recent years, and that we were indeed sympathetic in the march of the peoples of Asia toward national freedom and greater human welfare.

I added, however, that the right to be free did not include the obligation to be communist, nor did "Asia for the Asians", which is a phrase Molotov and others had used, mean Asia for the cominform.

I also pointed out, Mr. Chairman, that our own national experience in Canada refuted completely the wild charges which were levelled by communist delegations to the effect that the people of the United States were either aggressive or imperialist in their outlook.

Now, Mr. Chairman, I should explain in a few words what the communist peace plan for Korea was as put forward at the Geneva conference. In principle it involved the repudiation of United Nations plans on which we had previously agreed, and if it had been carried into effect it would also have necessitated the exclusion of the United Nations as a belligerent from the substance and the supervision of the peace settlement. It would have required us on our side to accept the fact of United States and republic of Korea aggression, and of the charge that the United Nations in this matter had merely acted as the victim and the tool of United States imperialism.

Obviously any proposal based on these premises was not acceptable to the United Nations delegations. There were also other details which made this plan unacceptable.

The two governments of the republic of Korea and North Korea were to be considered on the same political, legal and moral level, and acceptance of this was to be recognized in an all-Korean commission with equal representation of the north and south, though the south in population is probably five or six times greater than the north. This all-Korean commission was to work out plans for all-Korean elections, free from outside supervision except—and this has been an additional proposal of the communists since I left Geneva—by what they call a neutral commission.

We are not quite clear about this neutral commission but it is certainly to be divorced from the United Nations. Its function is to assist the all-Korean commission, and its composition would presumably exclude all

United Nations members who have participated in Korean military operations. It could, however, include such neutrals—and I use that word in a Pickwickian sense—as Poland or Czechoslovakia. Then also under this plan all foreign forces were to be withdrawn within six months. The powers directly interested in Korea—and it was made clear that they would include communist China and the U.S.S.R.—were to assist in Korean development as a democratic state. The United Nations, however, was to keep out.

Even cursory examination of a plan of this kind makes its unacceptability quite obvious. It looked to us like a snare and a delusion. Indeed we wondered whether it was really meant to be accepted, at least in that form. It is certainly unrealistic to the point of absurdity to think that two sides which fear and hate each other as much as do North Korea and South Korea, after fighting each other viciously if indecisively for years, should sit down amicably and work together through an all-Korean commission, on a fifty-fifty basis, with each side having a veto over the decisions of the commission and in that way produce a new Korea by free elections. Of course we pointed out the weakness and indeed the impracticability of this plan, but the questions which we addressed to the other side were unanswered.

Indeed it is clear that this is a scheme designed to provide for the establishment of an interim government, along the pattern of the communist proposals in Germany, in which the communist representatives would hold the power of veto. In other words, the commission would operate as the communist members wished it to operate or not at all. We all know, of course, that this is the familiar first step in the establishment of communist dictatorship through the perversion of democratic procedures.

We might have accepted the impossibility of this scheme without any further argument and, pinning the responsibility squarely where it belongs, namely on the communists who were putting forward this scheme, called the conference off on that issue. But most of the United Nations delegations—indeed, I think all of them—felt that they should put forward their own proposals and their own views as to what would constitute a good Korean settlement. For that purpose, Mr. Chairman, I should like to put on the record the Canadian views of what should be done to reach that desirable objective, or in other words the basic principles which we think should underlie any agreement for a free, democratic and united Korea. If I may just enumerate them briefly, those principles are as follows.

First, a unified Korea should preserve the state structure for Korea which has been endorsed by the United Nations, with such constitutional changes as might be necessary to establish an all-Korean government.

Second, the people of Korea should be given an opportunity to express their views as to their future government and for that purpose there should be held, with a minimum of delay, free and fair elections for a national assembly and possibly also for a president.

Third, the conditions for such elections should include equitable representation by population over the whole of Korea.

Fourth, to ensure that such elections should be fair and free, they should be supervised by an international agency agreed on, if possible, by the Geneva conference but acceptable to the United Nations. In order to ensure maximum objectivity—and that is going quite a long way to meet the views of the other side—we felt that this supervisory agency might consist of nations which do not belong to the communist bloc and which did not participate in military operations in Korea.

Fifth, arrangements should be made for the withdrawal of all foreign forces from Korea by stages, that withdrawal to be completed in a short period, to be fixed by the conference, after the post-election all-Korean government had begun effectively to function; in other words, withdrawal might begin at once by both sides and be completed within a short time after the Korean government had begun to function.

Sixth, a reaffirmation of international responsibility under the United Nations to participate in the relief and rehabilitation of Korea through economic and material assistance. Finally, an international guarantee under the auspices of the United Nations of the territorial integrity of unified, free and democratic Korea.

It was hoped that some kind of proposal based on principles of that nature might be put forward as coming from all sixteen powers. That procedure has not yet been possible, Mr. Chairman, but we are very close in our views. Indeed, as a result of negotiations between the delegations on our side, all sixteen powers are very close together now on what constitutes the principles for a good Korean settlement.

Meanwhile, the government delegation of the republic of Korea has put forward its own proposals for a settlement. We think that these are acceptable as a basis of negotiation but we have doubts about one or two of the points included in their proposals, more particularly that which would give to South

Korea a veto on the election in that part and their insistence that all Chinese troops be out of Korea before the six-months period would end. We feel now—and this is the attitude we are taking at Geneva where the matter is being debated this afternoon—that these proposals on the communist side and the proposals on our side should go to a small negotiating committee. If that suggestion is followed, we shall soon be able to find out whether progress is possible.

It would be unwise to be too optimistic on that score. We therefore ask ourselves what should be done if, at this Korean conference at Geneva, we cannot succeed in bringing about the unification of that unhappy land. I think it would be wise, under these circumstances, to suspend, not to terminate, the conference and to agree to look at the problem again some months ahead when conditions might be a little bit different. I think it would also be wise if this conference, in some form, could confirm armistice arrangements which would remain in effect until a peace settlement becomes possible.

I admit, Mr. Chairman, that we are still far short of the achievement of a peaceful solution of the Korean question. It is an intensely difficult problem and we shall need a large fund of patience if an acceptable solution is to be attained; but there is still hope that such a solution will eventually be attained. Meanwhile I feel—and it is no unimportant result if I am correct in this feeling—that after the Geneva discussions the renewal of hostilities in Korea is much less likely than it might have been before that conference opened.

I should now say something about the Indo-Chinese side of the conference, Mr. Chairman. The situation in respect of this particular conference is, as Sir Winston Churchill said the other day, "in constant flux," and of course it is impossible therefore to make any final report on what has happened or speculate with any degree of assurance on what is likely to happen. The invitation to the Indo-Chinese conference came, as hon. members know, from the Berlin meeting in February. At that meeting of the foreign ministers it was decided that the membership of the Indo-Chinese conference should consist of the four inviting powers, the Chinese People's Republic and other interested states. Therefore at Geneva the inviting powers were confronted at once with the problem of deciding, and only they could make the decision, who were the other interested states.

There were various alternatives that were canvassed. The first was that the conference would consist of the four, the Chinese communist government and the belligerents, the belligerents including the three associated states of Indo-China and the Viet Minh. Another proposal was that the conference should be widened somewhat to include also the neighbouring states and others directly and immediately concerned or who have commitments in that area.

Finally, it was suggested in some quarters that the conference might be extended even wider to include additional communist states, neutrals and others. After a good deal of discussion among the inviting powers it was decided that the limited conference of the four, the Chinese communists and the belligerent states gave the best prospect of progress and success and that was the decision which was eventually adopted.

As far as Canada's position is concerned, we felt we had no complaint in the circumstances about non-membership in this conference. We have of course in Canada a very definite interest in this problem but no special or separate responsibility for Indo-China or for southeast Asia. We have no regional or special commitments in that part of the world and no question of accepting such has arisen at Geneva. So the policy of our delegation in respect of this very limited conference, which I would point out again excluded even the neighbouring states, was to avoid on the one hand involvement in any specific commitments for which the delegation did not have a mandate and, on the other hand, to avoid any appearance or attitude of indifference to developments, the consequences of which, if they deteriorated into conflict, would certainly concern us and might involve us.

With these considerations in mind, we kept ourselves fully informed of the formal conference talks on Indo-China and participated in many useful informal discussions with delegations who were more directly concerned than we were with the problem of Indo-China and of security in southeast Asia. Our co-operation and our consultation in these discussions was especially close with the delegations of the commonwealth and of the United States. Here, if I may, Mr. Chairman, I should like to pay a very sincere tribute to the work that the foreign secretary of the United Kingdom is doing at this conference. His contacts with what we may call the other side gave him, in a sense, a mediating position on occasions on those matters where mediation was possible, and he is playing that invaluable role, if I may say so, with wisdom, patience and skill.

The problem of Indo-China as we see it is twofold. There is first the short-range problem, and that might in its turn be divided

into two parts. The first part is how to bring the Indo-Chinese war to an end on terms which France, which has borne the heat and the burden of the day there at great sacrifice for many years now, and the associated states of Indo-China could accept. The second point, so far as the short-range problem is concerned, is to work out international arrangements with a maximum of free Asian participation to guarantee any settlement that might be reached.

But there is also the long-range problem of how to build up a collective security system for southeast Asia, again with a maximum of free Asian participation, so that new aggression may be prevented and the peace maintained. The short-range problem was of course made more difficult by the character and developments of the war and that in turn tended to complicate, colour and at times almost give an atmosphere of crisis to the second and longer range objective. Crisis diplomacy, Mr. Chairman, is at times in these days unavoidable, but it is not always the most effective agency for the solution of long-range problems. In the search for a solution to these problems one viewpoint emphasized that we should concentrate first on the immediate problem of the war, then work out arrangements to guarantee the armistice settlement and only afterwards deal with the bigger problem of collective security and the future. It was felt by those who held this view that the exigencies of the military situation, and they certainly existed, should not push those concerned into premature or ill-considered discussion of political or defence arrangements which would not have the solid foundation of general and wide support which was essential, and which would have given the communists an excuse to say that the Geneva conference had been sabotaged.

It was felt by this school of opinion that before attempting to organize security you must be sure that you know what you are going to organize, also that all the free countries of southeast Asia should at least be invited to participate in the consideration of the problem, and finally that there should be reasonable assurance of agreement and unity at home in regard to the acceptance of the commitments which might be necessary.

That was one view, one approach to this problem. The other approach, the other viewpoint, argued that recent events had shown the necessity of not only making a just peace in Indo-China but of taking steps, even while the conference was going on, to show by readiness to consider arrangements for collective action that the pattern of communist aggression in Asia could not be repeated without meeting strong and collective resistance; that convincing evidence should be given now that any state which wanted to be free would be assisted in staying free.

It was felt by those who held this viewpoint—and there were of course shades of viewpoint between these two—that the adoption of this position and this attitude would not only make early peace in Indo-China more likely, by underlining the risks the communists would be taking if they prolonged the war, but would also act as an effective deterrent against communist aggression in the future. The United States, of course, has been reported as leaning to the latter view, and the United Kingdom to the former. Therefore alarming and often exaggerated conclusions have been drawn of Anglo-American divisions and differences. That was not unnatural in the circumstances, the circumstances being that there were at least 1,500 journalists in Geneva looking for news. Included in those 1,500 there was a small group of Canadian journalists and I should like to pay my tribute to the full, and I thought objective and careful, reports that were sent back home by that small group.

While differences, differences in emphasis and differences in approach, are I think unavoidable in a coalition of free states, especially in circumstances of this kind, it is of importance of course that they should be resolved. It is of vital importance, and I know that this is appreciated on all sides and indeed in all countries except the communist countries, that these differences should not become differences of policy and principle between our two closest friends, the United Kingdom and the United States. It would be the greatest possible tragedy if Asia were allowed to split the West. I am confident that this will not occur.

So far as the immediate problem of Indo-China is concerned, the short-range problem that I mentioned, the delegation of France put forward proposals to solve it and so did the communist delegations. The French proposal put forward by Mr. Bidault, who is playing a very difficult part in Geneva with great skill, enumerated certain points of settlement, and his points were supported by the United States, the United Kingdom and the associated states of Indo-China.

First, there should be an armistice to bring the fighting to an end, and then a political settlement based on the independence of the three states, which would be internationally supervised and guaranteed. Secondly, there should be separate consideration for the three states of Laos, Cambodia and Viet Nam. In so far as Laos and Cambodia were concerned, the Viet Minh should evacuate those countries at once. So far as Viet Nam

was concerned, there should be an evacuation of the Red river delta by agreement upon a no man's land around the periphery of the delta beyond which all Viet Minh forces were to retire. In central Viet Nam, the Viet Minh troops would have to withdraw to a prearranged position, and they would have to evacuate the south.

The communist plan included proposals for an armistice in Indo-China and a political settlement to be negotiated simultaneously over the whole of Indo-China and all three states would be treated on the same basis. It also included recognition of what they called the liberating regimes, not only of the Viet Minh but also of Laos and Cambodia. We had not heard anything about those latter two regimes before we went to Geneva. It provided for the withdrawal of all foreign forces from Indo-China, and for elections in all three countries without any effective international supervision.

It seemed on the face of it, though they are still negotiating these proposals and it is unwise to give final conclusions in regard to them, that this communist plan was designed to bring communist regimes to power. At times it seemed also that the communists were indulging in delaying and obstructive tactics, encouraged no doubt by the military situation in Indo-China. However, Mr. Chairman, negotiations have been continuing during the last ten days since I left Geneva. They have been concerned with these two main considerations: first, the possibility of a negotiated cease-fire and, secondly, a political settlement. These negotiations seem now to be at a critical stage. We are being kept carefully and closely informed of them by our delegation at Geneva.

I believe it is too early to predict whether a negotiated settlement can or cannot be reached on honourable terms which would bring an effective end to the hostilities, provide a basis for a workable political settlement, recognizing the interests of the indigenous peoples of the countries concerned, and which would be a wise move in the direction of creating positions of stability in the southeast Asia area. So long as negotiations are still going on, however, I think it would be unwise and indeed unnecessary for me to speculate on the result of the failure to end the war. Nevertheless whether success or failure results, the problem of general security in southeast Asia remains.

As I see it, the solution to that problem depends largely on whether the countries most immediately involved can agree on the objectives and principles that should underlie any collective arrangement to maintain and strengthen security in that area. I hope I may be pardoned, Mr. Chairman, if I put forward, on the basis of my own association with this problem in recent weeks, some considerations which in my view affect the search for security in southeast Asia.

In the first place, I think we must accept the fact that the international communist conspiracy is working for, and has made progress in, securing control of southeast Asia. We should certainly be aware of the danger to international peace and security in this development, a danger which cannot be exorcised by comforting interpretations of Asian communism as merely agrarian reform or as nationalism painted red.

It is true, I think, that the urge for national freedom and for social and economic reform, and not devotion to communism as such, is the mainspring of the greatest revolution of our time, the emergence of the masses of Asia from colonial control, feudal restrictions and western pressures. But communist imperialism, directed from Moscow or from Peking or both, has been too successful in exploiting, and in some cases in capturing these forces, even though communism as the agent of aggressive and reactionary imperialism cannot bring either freedom or progress to those it envelops. We know that, Mr. Chairman, but there are millions of destitute and despairing people in Asia who do not as yet.

In the second place we should, I think accept the fact that if this danger exists, and I think it does, there can be no objection to, indeed there should be approval of, regional collective security arrangements organized to meet those dangers in the right way, by those immediately concerned, under article 51 of the United Nations charter. We cannot support the principle of collective security in one part of the world and reject it in another. I think it is right and important that the United States of America should be reassured by its friends on this question of principle. Nevertheless, we should also recognize that in practice the type of collective security arrangements suitable for the Atlantic area might not be practical or desirable in southeast Asia.

An understanding of these needs and these differences will assist, indeed I think will be essential, in finding the right regional solution to the problem of security in that part of the world, once it is agreed that such a solution is necessary to supplement and make more binding the general application of the United Nations charter. Any such regional solution, I think, might well embody the following principles:

First, arrangements reached must be consistent with the provisions of the United

Nations charter. If they could be associated in some form with the United Nations, so much the better.

Secondly, they must be divorced from anything that could be called colonialism and not designed to maintain regimes, colonial or national, that have little or no popular support.

Thirdly, it should be recognized that the problem cannot be dealt with effectively in military terms alone, and that no mere military agreement is likely to be satisfactory or enduring. Indeed military aggression of the conventional sort is not likely to be the main danger so much as communist imperialism exploiting those forces within the state—and not always unworthy forces—in order to bring about subversion, civil war and the forcible installation of communist regimes.

It should also be recognized that, as President Eisenhower said on May 12, no country can be saved from communism unless it wants to be saved.

Then, fourth, as I see it, any solution must not be, or susceptible to the interpretation as being, a purely "western" one, or one from which free Asian countries feel that they have been excluded. Surely we must recognize that, whether we agree with all their policies or not, little of a substantial or permanent character is likely to be achieved in establishing peace and security in southeast Asia, or any other part of Asia, without the advice, co-operation and assistance of the free Asian countries. I think it is most important—and I am sure the house agrees with me—that those countries should feel that, even if they are not members of it, any collective security arrangements in southeast Asia that may be worked out should be in their interest, and have taken into consideration their interests. If not enough Asian states feel that way, the foundation of any southeast Asian security organization will not be very firm.

In this connection, the commonwealth association can play and has played a valuable role. And that is one reason why, in my opinion, it was helpful and wise to keep the Asian members of the commonwealth informed, as they were kept informed, closely and continuously, of Geneva developments. It is also one reason why I regret that India, or some similar Asian state or states, was not a member of the Geneva conference.

The working out of an arrangement which would be based on the considerations I have ventured to mention will not be easy, and I think that it will take time. But there is a dilemma here, in that time may be against those who desire to build up a security system to deter aggression in southeast Asia. After all, there is a war going on there. It is not easy, in diplomacy, to reconcile considerations of defence urgency with the necessity for careful political preparation and of securing general and wholehearted agreement. There can be danger both from overtimidity and from overzealousness. There can also be trouble between friends if there is doubt about timing, about exactly what is being planned, about what we are trying to secure, and about what we are trying to prevent.

We should certainly be clear on that last point—what we are trying to prevent. Is the united action which it is desired to bring about to be against communism as such, regardless of the means, military or otherwise, which it adopts to secure its ends in any particular Asian country; or is the commitment for collective action against military aggression only? If it is to be the first, then we should realize that arrangements to achieve this end will be interpreted as a declaration of implacable and fixed hostility, with all action short of general war, and even at the risk of such war, against Asian communism.

The other concept is that which is embodied in NATO. Here the commitment for action, in contradistinction to consultation, is clear and explicit. And it comes into operation as soon as a military aggression has been committed by one state against another—but not sooner.

I do not think it will do any service to the unity of those who are working together for peace if there is not a very clear understanding on this point, and if any negotiations are not based on that understanding.

Now, if I may close by referring a little more specifically to the policy of the Canadian government in respect to the questions we have been discussing at Geneva, and which are still under discussion there.

We will continue—and I am sure there will be general agreement on this—we will continue to assist in bringing about a Korean peace settlement, consistent with United Nations principles and decisions; but we will not repudiate or betray those principles or decisions.

If the Geneva conference should not at this time achieve such a settlement, we will favour a re-examination of the problem at a future date, whether at the United Nations general assembly or by a resumption of the present conference called for that purpose.

We will oppose any move by anyone to resume hostilities in Korea.

So far as Indo-China and southeast Asia are concerned, we recognize that Canada has

a very real interest in what is happening there, and what is likely to happen there. As a country with hundreds of miles of exposed coast on the Pacific, Canada is naturally concerned with problems affecting security in the Pacific and in Asia. Moreover, we know from the experience of two world wars that peace is indivisible and that a threat to peace anywhere can soon cover the whole world.

Our inevitable concern for developments in southeast Asia is increased by our close relationship to the United Kingdom, Australia, New Zealand and the three Asian members of the commonwealth. The growing anxiety of these latter three over hostilities going on so near to their homelands can be readily appreciated, since their security would be very seriously threatened if an aggressive communist nation took control, either by internal subversion or by direct military intervention, of one after another of the countries in the area.

Added evidence of our concern for the security and well-being of the nations of south and southeast Asia is to be found in our active participation in the Colombo plan, whereby we have sought to associate ourselves with the area's economic development.

In so far as accepting special political and defence commitments is concerned, there is of course a limit to what a country of Canada's population and resources can do. We have limited strength, in both men and materials; and our commitments, Mr. Chairman, are already heavy. Existing undertakings, such as those under NATO, are such as to circumscribe what Canada can and cannot undertake, militarily and otherwise, not only in southeast Asia but elsewhere.

And therefore, while it is true that if peace is threatened by communist aggression anywhere, it is threatened everywhere, it is also true that Canada cannot be expected to accept special or regional defence commitments in every part of the world where collective arrangements may be advisable. We have of course, through membership in the United Nations, accepted the provisions of the charter. Canada has, therefore, already definite, if general, obligations in the maintenance and restoration of peace and security in all areas where these are in danger. In this connection, it should be realized that the situation in Indo-China, with all its consequences to the peace and security of southeast Asia, has not yet been brought to the United Nations, and is not before the United Nations at the present time. If or when that position should change, Canada's policy, like those of other member states, will of course depend upon the nature, the purposes and the scope of any action which might be recommended by the United Nations. Any action involving an extension of Canada's present commitments would be placed before parliament.

The responsibility for seeking recourse to the United Nations would rest with the states and governments in the areas which are most directly concerned, and any such approach would, I assume, depend upon the outcome of the direct discussions which are now going on in Geneva, and also on a clear assessment of the possibilities and limitations of effective United Nations action. It is clear—at least it seems clear to me—that the United Nations Organization possesses a fund of experience and provides available procedures for peaceful settlement which, in other circumstances, have helped in the past to put seemingly intractable problems on the road to solution, or to halt deterioration in situations threatening the peace, and I would hope that the United Nations might prove useful in this situation, too. But, Mr. Chairman, whether at the United Nations or at Geneva, or wherever the road may lead, the search for peace and security goes on.

Mr. Diefenbaker: Mr. Chairman, as I listened to the unveiling of the speech by the Secretary of State for External Affairs I was rather disappointed in that stand as revealed by him in the early portion of his speech. Without having before me the actual words he used in the two or three concluding paragraphs of his speech, I believe the minister has gone farther in the commitment of Canada to its world responsibilities than this government has ever gone before. His concluding statement to the effect that Canada today has a responsibility in NATO, which is direct, and that Canada internationally, under the United Nations, assumes responsibility for assuring that communism should not advance anywhere in the world, regardless of any words that might dilute the statement that he made means, if literally taken, a commitment far and beyond those ever before taken by this government.

When speaking of the situation in Asia, the minister said that which many of us in other parts of the house have said on other occasions, namely, that military defences of themselves will not maintain bulwarks against communism unless the nations affected desire to be protected or to stand against communism. He referred to the Colombo plan with satisfaction in the degree to which Canada is contributing to raising the standards of people in undeveloped areas in Asia and in other parts of the world.

Through the years I have taken the stand that Canada must extend the amount of that

assistance; for people who suffer from the curse of hunger cannot have their stomachs filled by promises of democracy.

The views he expressed at Geneva on May 4 regarding Korea in general represent, I think, the point of view of the Canadian people. What people want everywhere in the world is a cessation of war and the achievement of a degree of peace, which has not been present in recent years.

While the minister weighed the views of two schools of thought in Geneva on the proper course to take to oppose successfully the communist march, as revealed here in the course of his speech, he did not place Canada's position before the conference as I think he should have done. The point of view he has expressed today on southeast Asia is one that he could have expressed there regardless of whether Canada was in fact a member of that conference.

All the peoples of the world, apart from those who are dominated in communist countries, desire peace. Peace can be achieved either by negotiation or through collective action. The minister states that it is the intention of the free nations associated at Geneva to continue negotiation until such time as it will have been established that there is a possibility that negotiation may lead to settlement; but if it is demonstrably established that what is taking place is mere propaganda, that will be the time to terminate the gathering. I agree to the utmost that Canada has a responsibility to bring about the closest relationship between Great Britain and the United States of America. Any divisions that have taken place can be regarded only as difficulties and divergences of views such as happen at any time between nations, however closely allied or united in common objectives they may be.

The real trouble at Geneva was well set out in an editorial in the Ottawa *Journal* of May 15, which reads as follows:

> The true reason for Geneva's failure becomes starkly clear. It is that the western powers, unable to make peace, are unwilling to make war—unwilling to make even the limited war that might lead to something worse.
>
> The communists know this. They learned it when Mr. Dulles arrived at Geneva brandishing a sword only to return it to its scabbard. They learned it when they saw Britain and France turn away from Mr. Dulles. They learned it completely when the congress of Mr. Dulles' own country showed that Mr. Dulles was in fact offering something he had no power to deliver.
>
> The communists, thus enlightened, and with time on their side had but to wait.
>
> This is the west's tragedy.
>
> Everywhere in the allied camp there was disunity, doubt, confusion.
>
> Yet now, with the test come in Indo-China, with the whole western case in the balance in Asia, it is the west that falters, not the communists.

One can understand why it is they falter, for the free nations with the grim experience of two world wars realize something of the awfulness of the possibility which faces the world. It is so easy for us here to say what nations should do; it is difficult to secure that unity in the action they may take with the inherent risk of war should too drastic a course be entered upon.

The tribute the minister paid to Mr. Eden is one that I believe will be accepted everywhere among the peoples of the free nations. With dignity, with a capacity for negotiation based on experience, with a realization that only in give and take is there hope for the achievement of peace, he represented and epitomized something of what British statesmanship can achieve.

I was struck with the fact that while the minister generally dealt with the necessity for unity in southeast Asia among freedom-loving nations, he did not definitely state the views of this government regarding a pact in southeast Asia to protect, preserve and maintain freedom in southeast Asia.

He spoke of the need for collective action there; and of bringing the free nations in southeast Asia into an Asiatic pact. I think Mr. Eden, by his conciliatory course at the Geneva conference, has gone a long way to show the people of India that straightforward negotiations for peace are being met by the communists who place roadblocks in the road that leads to peace and settlement—roadblocks of evasion and postponement of final conclusions.

But there is hope. The attitude of Pakistan and of Ceylon indicate that those nations are beginning to realize this, that only in collective security is there survival. They are beginning to realize, too, that communism is something more than a philosophy. They recognize its aggressiveness and danger to their freedom and survival.

They are looking for a declaration by the free nations of the need for the establishment and the setting up in Asia of an organization similar to the North Atlantic Treaty Organization.

The North Atlantic Treaty Organization has operated in Europe, why then will not a similarly conceived organization for peace operate in Asia? It will not operate, unless it includes Asian members. I think that is a salient feature which must be realized.

Out of the travail of Geneva may well be achieved a realization by India, Burma and other Asian countries of what communism means, so there is hope for the establishment of an organization similar to the North Atlantic Treaty Organization, which has

achieved so much for freedom's survival in Europe. Canada being a Pacific power, what attitude will the Canadian government take with reference to becoming a member of such an organization in the Pacific? For several years the hon. member for Vancouver-Quadra has been advocating the formation of a Pacific pact. On occasion he has faced ridicule and sometimes indifference. The events of the last few months bear witness to the degree to which that hon. gentleman saw something of the needs in Asia in his advocacy of an organization similar to the North Atlantic Treaty Organization.

The other day I referred to some conclusions I had formed in consequence of the visit I made to Europe a few weeks ago. In every part of Europe every opportunity and every courtesy was extended to me by members of the Canadian diplomatic corps, and every opportunity was given me to see the things I desired to see. I came back with a renewed confidence in the forcefulness and effectiveness of NATO and with the hope, almost one of assurance, that in the immediate future peace will be maintained through the instrumentality of the North Atlantic Treaty Organization.

What I said has been borne out since by a statement within the last few lays by Field Marshal Viscount Montgomery, Deputy Supreme Allied Commander in Europe, when he said that allied forces are capable of stopping any Soviet surprise attack on western Europe.

> Only an all-out Soviet offensive preceded by a big build-up could overwhelm present allied armies, he said, and such a build-up would give time for the west to prepare itself.

That is his considered opinion as to the effectiveness of the North Atlantic Treaty Organization and I think the minister could follow no wiser course to bring Britain and the United States together even closer than in the past, than making the announcement that, in the event of the Geneva conference proving unsuccessful in settling the Indo-China problem, Canada would join with other freedom-loving nations in a pact in Asia designed to assure peace to the same degree as peace has been assured in Europe through the instrumentality of the North Atlantic Treaty Organization.

Indo-China, and what is happening there, may be a turning point in our history. What is happening in Geneva may bring the commonwealth closer to the United States than ever before. The commonwealth has a tremendous contribution to make in the world in the preservation of peace in Asia,

with its Asiatic membership joining with the western members of the family.

The future of southeast Asia is at stake. The unity of the western powers must be maintained. Communist strategy seems to be designed to divide and conquer. This debate will show that as far as Canada is concerned we will not be divided. I hope there will come in our country a fuller realization of the responsibilities of Canada in the world of today, and a determination to continue the course of peace we took in the North Atlantic Treaty Organization. The minister has shown that Canada has responsibilities for peace in all parts of the world, not only in the United Nations; we have to accept them in any Pacific pact that may be achieved, so that the other parts of our commonwealth—Australia, New Zealand, India, Pakistan and Ceylon—will know that Canada and the commonwealth will stand with the United States and thereby assure the maintenance of a solid wall against the advance of communism everywhere in the world.

Mr. Coldwell: Mr. Chairman, we listened this afternoon to an extremely interesting speech. I was particularly interested in the four points the minister made at the conclusion of his speech, when he said that Canada would continue at Geneva to endeavour to bring about a settlement in Korea through United Nations efforts; that, if unsuccessful, we would hope that a further examination of the situation could be made at a future date with the hope that something useful might come out of it and particularly that peace might be attained; and that we would oppose the reopening of hostilities in Korea. Then again, with regard to Indo-China, the minister made it clear—and I am glad he did so—that we share the anxieties that are felt by our commonwealth associates, particularly those in southeast Asia. Then he went on to say that Canada had already extended her defence commitments as far as he thought we were able to extend them.

I could not agree with the hon. member for Prince Albert when he said that this was a new statement involving further commitments because, as I understood the minister, he said that we had, under the United Nations charter, obligations which we were prepared at all times to fulfil. He also said that we had accepted obligations under the North Atlantic Treaty Organization which we were obliged to fulfil but that beyond that Canada should not go. I do not say that he used those words, but I think that was the inference.

This afternoon I am not going to say anything about NATO, although the minister made a short reference to it. Later on in the discussion of the estimates opportunities may arise when hon. members who wish to discuss NATO and to make inquiries concerning that organization will have the opportunity of doing so. I was pleased indeed to hear the minister say that the subcommittee of the disarmament conference, although meeting in secret, had made some progress in adopting an agenda and that the speed which had been attained in preparing for the further discussions was still being maintained.

The minister paid a tribute to the personnel of the Canadian delegation left at Geneva. From my experience at various international conferences with some of the personnel of our delegation, I am perfectly sure that Canada will be well represented even in the absence of the minister; though, of course, should events require his presence I have no doubt that he would proceed there immediately.

I do not want to go into all the points made by the minister but I want to say this. If we are to attain understanding and peace and if we are to attain the co-operation of the Asian people—which we all know is so essential, as the hon. member for Prince Albert indicated in his remarks also—I think what we have to do is to demonstrate our understanding of and sympathy for the aims and aspirations of those Asians who are seeking for independence and for freedom.

The minister said that the situation with regard to Indo-China at the conference was always in a state of flux. I think that statement is true. When we hear it said that this is a struggle between the western democracies and the communists for the control of Asia, I think we must bear in mind that the position in which we find ourselves is largely of our own making. Had we shown sufficient sympathy for the aspirations of the Asian peoples, certainly from the close of the late war, I do not think that the communists would have been able to seize the leadership of liberation movements in the Asian countries. If certain Asians are now becoming a part of a communist conspiracy or are coming under the ægis of communist imperialism, it is largely our neglect of opportunities that were presented to us in years past that has brought this condition about.

This afternoon I want to say something about the background of the present conflict in Indo-China because I think it has a bearing on the policy that Canada must pursue, particularly if things take a turn for the worse. To begin with, we should keep in mind, of course, that this conflict in Indo-China is not of recent origin. Determined efforts of the Indo-Chinese people to obtain their freedom began many years ago. When Japan entered the war in 1941 the allied troops were actually assisted by the nationalists and other groups—under whose leadership?—under the leadership of Ho Chi Minh. At that time the movement was known as Viet Minh. A proclamation was issued by this independence group. They were not communists but were a group, as Nehru said the other day in his statement —and which I may refer to in a moment—consisting of all sorts and conditions of Indo-Chinese people, including people who were by no means communists, but some of whom were socialists, some of whom were Liberals and indeed some of whom were Catholic in religion. I heard that interesting fact stated also the other day in a talk given by Mr. Andre Laurendeau, editor of *Le Devoir,* in a Sunday evening commentary not long ago when he recorded a conversation he had had with a young Indo-Chinese lady who was a member of the Roman Catholic church and she refused to speak French because she said until the French were out of Indo-China they were not going to use the language of France. A proclamation was issued by this group—and I quote part of it—supporting "the defence of democratic principles by the United States, U.S.S.R., Britain, and China"—as they called the war at that time—and at the same time our Indo-Chinese allies asked the great powers to make a declaration that when victory came over the Japanese forces, the Indo-Chinese people would be granted complete autonomy.

When the war ended a provisional government of fifteen members was set up, five of whom were communists but which included nationalists, some Catholics and others, to govern the country. That group elected Ho Chi Minh as president of "the democratic republic of Viet Nam". This republic was recognized in September, 1945, by the government of China which of course was at that time the government headed by Chiang Kai-shek.

In March, 1946,—to give a brief outline of these events—France signed an agreement with Ho Chi Minh recognizing the democratic republic of Viet Nam "as a free state with its own government, parliament, army and finance, and forming part of the Indo-Chinese Federation of the French Union". Unfortunately that recognition did not last. In 1947 grave differences arose between the new republic and the French republic which resulted in various acts of violence. In 1948, a year later, France signed a new agreement

with Bao Dai, Emperor of Annam, and appointed him chief of Viet Nam within the French union. Similar agreements were made by France with the kingdoms of Laos and Cambodia, the two other states of Indo-China. This gave communist leadership the opportunity to further the communist conspiracy, to use the minister's own words. Then of course war began in earnest. The French used United States equipment which had been given to them to prosecute the war, and Ho Chi Minh and his associates, in what they termed their struggle against colonialism, received supplies from the new government of China, a government which simply continued the recognition of this new republic which had been accorded by the former government of Chiang Kai-shek.

I think it is with this background that our appraisal of the situation in Indo-China at the present time must be made. The struggle, as we all know, gradually assumed the more ominous aspects that have culminated in the events of the past few months, events with which we are more or less familiar from the public press. The French government has poured armies, effort and money into the war. French public opinion has been disturbed and divided and is still disturbed and divided. Daniel Mayer, as spokesman of the French socialist party, the largest party in the French chamber of deputies, referred to the background of the struggle on March 5 when speaking in the chamber of deputies, and stated that the agreements between France and Indo-China were not "mere governmental agreements but agreements which bind both peoples." He went on to say that they tie French policy with regard to all Vietnamese governments whatever their character. He referred to a statement by his late leader, Leon Blum, in 1950 when he referred to the agreement in these words:

> They are in reality concluded between the French and the Vietnamese people and proclaim and sanction, unconditionally and absolutely, the independence of Viet Nam within the French union.

M. Mayer then went on to state the problem as he saw it. In the French chamber of deputies he said:

> The problem which faces us today is not so much that of giving more power to the present Vietnamese government. It is rather that of determining whom that government really represents. A Syngman Rhee and a Chiang Kai-shek are sufficient handicaps to the reasonable policy which the west should adopt in Asia. Britain, a nation of traders and sailors, had the wisdom to give India her independence—one of the finest actions promoted by the Attlee government. If only we had followed its example then, we should not need to debate the war in Indo-China here today—there would have been peace long ago. On the 17th of January, 1949, when we socialists were in the government, the general secretary of our party wrote to the president of the council reminding him that the socialists had warned every successive government against a policy of force and against negotiating peace through men like Bao Dai and General Xuan—already then these policies had suffered shipwreck.

He went on to say:

> Today a lead has come from the most remarkable statesman of the young Indian nation, who has set an example of greatness and given us an opportunity to respond in the same spirit. France must seize every opportunity which offers itself for peace. Only thus will she remain loyal to her world mission and respond to the voices which are calling from the very depths of the French people.

I might add once more that this was said in the French chamber of deputies as recently as March 5 of this year. Since these words were spoken the Berlin conference has of course been held and at the present time, as outlined by the minister this afternoon, the representatives of the nations directly involved, together with the United Kingdom, the United States and the Soviet union, are meeting in Geneva. As the minister said, what the outcome will be is still very doubtful. But in my opinion the climate of this conference has been bad from the beginning.

As Mr. Nehru pointed out in his speech of April 24, great concern has been felt because of statements which have been made since the Geneva conference was called, of the possibility of attacks on the Asian mainland and massive retaliation and the use of atomic weapons, by leading members of the United States congress and some of the military personnel of our great neighbour. Proposals for a collective pact for united action in southeast Asia, without the proviso that the hon. member for Prince Albert made this afternoon, without the adherence of the Asian nations, have caused general alarm in Asia and, I may say, in other parts of the world.

It is certain, as Mr. Nehru stated, that the implications of these statements promote fear that the newly-won independence of the Asian countries may be jeopardized. If I may quote Mr. Nehru, he said:

> The maintenance of independence and sovereignty of the Asian countries as well as the end of colonial and foreign rule is essential to the prosperity of Asian peoples as well as for the peace of the world.

That is the considered opinion of the leader of the great Indian associate in our commonwealth of nations. I say that we in the commonwealth of nations have every reason to consider carefully the opinions of our largest and most populated sister nation in the commonwealth. Proposals for a southeast Asian pact should not be considered without first obtaining the co-operation and agreement of India, Burma, Pakistan and Ceylon. For the western powers to enter

such a pact with Australia and New Zealand would in our opinion be fatal to the democratic cause in Asia, and fatal to the peace of the world. I think our United States friends should be told that very plainly by Canada.

Canada should oppose and refuse to associate itself with any southeast Asian alliance which does not include at least the Asian countries I have mentioned. I think, indeed, that was implicit in the statement of the minister this afternoon. This is apparently the view that is strongly held in the United Kingdom. On April 12 and 13 Mr. Dulles and Mr. Eden met to discuss the Indo-Chinese situation. They issued a joint statement which read in part as follows:

> We are ready to take part, with the other countries principally concerned, that is France, Australia, New Zealand, Siam and the Philippines, in an examination of the possibility of establishing a collective defence, within the framework of the United Nations charter, to assure the peace, security and freedom of southeast Asia and the western Pacific.

You will notice that some Asian nations were included and some were not mentioned. On April 13 Mr. Eden placed this statement before the House of Commons. Mr. Attlee, the leader of the opposition, urged that it be recognized that "in building up the strength of the free nations of Asia against aggression, it is vital that there should be a union of Asian countries as well as those of European descent, whether in Australia, here, or in America." Mr. Attlee went on to declare:

> The essential thing is that it should be a freeing of the peoples of Asia which should not in any way be misrepresented—as it may be misrepresented—as a defence of obsolete colonialism.

Therein lies the danger, that a southeast Asian pact without these new free nations would be regarded by these peoples as an attempt to inflict upon them once again an obsolete colonialism. Thus there was a debate in the British parliament and the matter was discussed by the British press and the public throughout the next few weeks. The situation was discussed, and with what result? I read quite a number of British papers, and as far as I have been able to ascertain the result was that public opinion was strongly against any declaration involving united action in southeast Asia without participation by India and the adjacent countries. I believe Mr. Churchill was impressed with public opinion, so that on April 27 he rose in the house, and in reply to a question said:

> The government are not prepared to give any undertakings about United Kingdom military action in Indo-China in advance of the results of Geneva.

It is a fact, too, that Mr. Eden at Geneva has exercised, as the hon. gentleman said this afternoon, patience, perseverance and restraint in an endeavour to bring about a cease-fire and peace by negotiation.

While this conference has been in progress France has suffered severe setbacks in Indo-China, and now finds herself in a position where she cannot win. Irrespective of what may happen in that area, her bargaining position has been effectually weakened. In the "Foreign Policy Bulletin" of May 15, 1954, Mr. William B. Dunn, a member of the United States foreign service who served from 1949 to 1953 in the troubled area, and who is regarded as a specialist on southeast Asia, points out that the Vietnamese are determined to win complete independence. He is not a communist and he has not been attacked by Senator McCarthy or any others. He was regarded, and is still regarded by the state department, as an authority on southeast Asian problems. He says this:

> It means independence from France, and no other political problem seems to them to be of much importance. Virtually all Vietnamese overflow with bitter recollections of firsthand experiences under the old colonial regime. They find it impossible to believe that France is capable of any generous act. Consequently, they are not prepared to believe their country to be independent as long as there is any special political association with France or while the military forces of the French union remain in Viet Nam. The French sponsored government of Bao Dai to them is a mere continuation of the old colonial system under a new label.

We may not think that is a fair statement so far as France is concerned, but he gives it as his opinion, and I want to place it on the record because it is the opinion of a man who is regarded as an authority on the problems of southeast Asia. I may say this also seems to be the opinion of many citizens of the United States. We are told that congress has been deluged with letters protesting against United States intervention in this struggle. Many citizens of the United States remember that until very recently United States policy has been traditionally an anti-colonial policy. Indeed, many of us who had the opportunity, before and during the war, of addressing United States audiences can remember vividly the invariable question relating to the struggle of India for independence, and what I considered from time to time the very unfair references to Canada as a part of the British Empire allegedly supporting colonial oppression in India.

We believe that if France declared dissociation from colonialism in Indo-China it would be more effective in weakening the anti-colonial propaganda of Moscow and Peking, which is false propaganda but which has proven so valuable to Ho Chi Minh, than the dropping of an atomic or hydrogen bomb

on Indo-China or any other part of Asia. Indeed, such proposals by prominent United States leaders for direct intervention have received severe criticism in the United Kingdom press. The London *Economist,* which many of us read from time to time, certainly cannot be regarded as an anti-United States paper. I would say that from time to time the *Economist* has warmly defended United States economic and external policies. In its issue of May 8, three weeks ago, the paper had this to say:

> Even the majority leader of the Senate himself, Senator Knowland, is allowed to parade his irresponsibility daily, urging war with China and, when others hesitate to involve themselves in it, writing them off as unworthy allies. Is it surprising, with such goings on filling the press, that there should be a lack of confidence in the coherence, and even in the pacific intentions, of American diplomacy?

Then it sharply criticized the tactics of Mr. Dulles, and the *Economist* said this of his activities:

> Bluff plays a proper part in diplomacy, if it is not tried too often and is never called. Unfortunately, too many of Mr. Dulles's bluffs have not worked. The "liberation" bluff, the "agonizing reappraisal" bluff, the "instant and massive retaliation" bluff—all these have been discovered to mean much less than they appeared to. The result has been to frighten America's allies much more than to impress the communists.

I fear, unfortunately, those words are true. I should like to say again that I am not criticizing the people of the United States, as a people, because I have every confidence that in the main the people of the United States share the desire for peace and a settlement that most of the rest of us have in mind.

Then, too, ill feeling has been engendered by the suggestion that if it were not for British timidity the United States would have approved the French request for air help before Dien Bien Phu fell. British opinion is doubtful if congress would have approved such action, and even if congress did it is doubtful if United States public opinion would have supported the action. I am going to quote again from the comment in the *Economist:*

> In any case, one would have thought the merits of intervening at this precise moment of time and in a way that was much more likely to provoke Chinese counter-intervention than to save Dien Bien Phu were, to say the least, open to question.

I have devoted considerable attention to British opinion because they see, as we should do and I believe from the Prime Minister's statements earlier this session we see too, that such intervention as proposed in some United States circles would lead to an all-out Asian war and possibly to a world war. In any event, and I think this is something we always have to bear in mind in the commonwealth, in my opinion it would destroy once and for all that valuable association of India with Britain and the other countries in the commonwealth. I think we could say goodbye to India if that happened.

Articles by Hanson W. Baldwin, the well-known writer on international affairs, in the New York *Times* point out the dangers inherent in intervention. In various articles in the New York *Times* and particularly one which appeared last Sunday, May 23, he warns that the use of atomic weapons would be useless against the guerrilla forces of Ho Chi Minh, and would have the effect of consolidating much of southeast Asia psychologically, at least, against the United States. In summing up his views Mr. Baldwin wrote:

> The limited advantages and considerable disadvantages—and the risks—of any course we may take in Indo-China were therefore enough to give Washington pause.

If I interpret the remarks of the minister of external affairs this afternoon correctly, and the remarks of the Prime Minister on an earlier occasion, we did not need to pause because we had not taken steps in that direction. I know that gives some satisfaction to many in this house and in the country.

Under these circumstances and with this background, it is obvious that the organization of collective security in southeast Asia presents an entirely different problem from the kind of regional collective security brought about by the North Atlantic Treaty Organization. I do not want to go into that, because the minister went into it. But I think that is perfectly correct; the two ideas are not analogous. They are quite different, and we should bear that in mind.

Walter Lippmann, whose articles many of us read in the Montreal *Gazette* every other day, elaborated this view in that newspaper on May 14 of this year. He suggested an alternative policy to strengthen the existing governments of Burma, Thailand and Indonesia, but with this very important proviso: Only if western co-operation is invited, not if it is forced upon them.

In other words, we believe that the initiative must come from Asia if we are going to have a security pact, a regional pact, within the United Nations, and particularly from India. That is essential if any united defence policy is to be approved by Canada, and as I hope by other western countries. And as I have already indicated, we think that any such pact should be a regional pact within the orbit of the United Nations charter and requested by Asian countries.

A few days ago I read a very interesting statement issued by the non-communist

socialists of Viet Nam. Let us bear in mind that these non-communist or indeed anti-communist Asian socialist parties in Burma, Indonesia and other countries are exercising a tremendous influence on the conduct of affairs. They sent a statement to the foreign ministers of the principal powers represented at the Geneva conference, and outlined some simple objectives which, they said, must be pursued if peace was to be attained. These objectives were four in number. The first was the suspension of hostilities. Second was the establishment of real independence for Viet Nam. Third was general elections under the control of neutral countries such as—and they gave as examples—India, the Philippines and Siam. Fourth was the conclusion of a treaty giving France cultural, economic, diplomatic and technical facilities similar to those which were provided in the treaty between Great Britain and India.

It seems to me that these are very moderate terms and, if accepted, might form the basis for a lasting peace. They may be idealistic; they may be unacceptable to the other side, even if they were acceptable to our side. But at least it seems to me they form a basis. And in the granting of elections I think they confirm very largely the views most of us hold with regard to the future government of Korea—that if free elections are to be held in Korea they should be supervised by those who are not involved in the war, supervised by those who are not associated with the communist group. And I would add one further proviso: They should be Asian nations associated with the United Nations, but not having participated in the late war.

There are a number of other matters I would have liked to discuss this afternoon. I had wanted to deal more particularly with the background, and with the situation as we see it in Indo-China. I am certain that if France had followed the example of Great Britain in India or, as did the Dutch a little later under pressure, in Indonesia, the situation in southeast Asia would be far different from what it is today.

But the situation is there. And not by threats of massive retaliation, not by threats of military intervention shall we be able to end the troubles in that region. I still believe that the more we can do to assist these Asian peoples in arriving at independence and freedom, and then of building up their economies so that they may improve their standard of living, the more we shall have done to meet the threat of communism. We can do more in that than in any other way.

The tragedy of it is that, so long as there is turmoil and strife in these countries, there is little or no production, little or no building up of those countries. And behind them, to the rear of them, China stands uninvaded; and within its borders, so far as we know, it is at peace, building up its economy and giving a demonstration of what these communists will tell the Asian countries communists can do.

I think that is the tragedy of our time, and I hope that the conference at Geneva will be successful. I agree with my hon. friend: Mr. Eden's part in that conference has been a very worthy one. One of the reasons he has been able to act as negotiator is, I would draw to the attention of the house, that unlike Mr. Dulles, who walked out because the United States does not recognize the fact of a new government in China, Mr. Eden could remain and talk because his government had recognized that fact. That, I think, is an argument for those who would recognize the fact of a new government in China. While we may not agree with his political views, Mr. Eden has been enabled to fulfil a function that no one else could fulfil, at least in the same way.

Mr. Low: Mr. Chairman, before I enter upon a discussion of external affairs generally I should like to explain to the house why it was impossible for me to be here at the beginning of Mr. Pearson's address. I am sorry I had to be away for well over a half hour attending a funeral. I should have liked very much to have been in my seat to hear all he said. However, he was courteous enough to send me a copy of the notes from which he was going to speak. Since coming to the house I have had a chance to look at them, and also to follow what he had to say.

However, before dealing with the minister's statement I should like to say something about the work of the external affairs committee. Nothing has been said this afternoon to this effect, but the occasion for the launching of this debate was a report from that committee. I should like to say a word or two about two or three features of our work, as a background to what I shall discuss later in connection with our external relations.

I have been a member of that committee since it was set up in 1945. During all those years I think it has proved to be a good committee. It has justified itself by the thorough study of the estimates it has made each year and by the painstaking and careful investigation of matters that have arisen. I believe there is very little relative to our external relations that has been overlooked. I believe that the good experience in the external affairs committee might serve as a pattern for some of the other departments of government. I would not suggest all of them should

follow the pattern, but certainly I should think it might be wise to try the experiment of referring the departmental estimates of three or four departments to select standing or special committees for studying. Because it seems to me that when the estimates are studied by a committee, where witnesses can be examined, conclusions drawn and recommendations made to the government in a report, a very thorough job can be done—more thorough than in the way in which we deal with estimates normally.

Of course I am not so optimistic as to think that a report sent back to the government from a committee will attain anything very startling, because the inclination on the part of the heavily weighted government committees is to avoid any recommendations or suggestions that might be slightly critical of government policy. For that reason I do not think that the reports would be of tremendous value, but certainly the study itself of the estimates would be.

In the course of our studies this year, most able and interesting witnesses came before us. We appreciated them all; and if we mention some of them particularly, it is only because their work in the field of duty is more interesting to us than were the others. We called before us Mr. Nik Cavell, who is the head of the international economic and technical co-operation division of the Department of Trade and Commerce and administrator of the Canadian participation in the Colombo plan. Mr. Cavell's evidence was not only intensely interesting, but it was most valuable to the whole committee. Through him we learned about the many valuable projects that are being carried on under the Colombo plan and the technical assistance branches in Ceylon, India and Pakistan. We learned that Canada is participating in some very worth-while projects. From the evidence which we were able to get, I would judge that up until recently, at any rate, the countries contributing to the Colombo plan were putting up just about as much money as could efficiently and readily be used by India, Pakistan and Ceylon. However, I think that we are emerging from that position now, and as more engineers and technicians are available, and as experience accumulates, and, further, as these countries that have been looked upon as underdeveloped in the past are able to build up their own productive capacities, more money for capital certainly could be used. Then, under the plans that I have mentioned, I think it is important for us now to consider increasing the amount of capital in both technical assistance and the Colombo plan. The sum of $25 million is what we have been giving each year under the Colombo plan. That will not go very far in the development of the worth-while Colombo projects in which Canada is participating at the present time.

I mention this work in particular because I thought that what the minister said this afternoon is perfectly correct. I think he affirmed his belief that the problems in Asia cannot be solved by military action alone. That is true; I believe that. The Colombo plan and the technical assistance work are two means by which we can help and supplement whatever else might have to be done. I think that these two ideas were well conceived. In my judgment, the best help we can possibly extend to any underdeveloped people or to any underdeveloped country is the kind of help that will enable them to help themselves. Those countries need power development schemes; great pumping stations for lifting waters out of the rivers and into irrigation canals so that it can be put on the land in various parts of their countries. They need improved and more efficient transportation systems that will make it possible for much more efficient productive enterprises and commerce to be carried on. They need improved fishing techniques and equipment to make available the protein foods from the sea, and with these things more cold storage plants that can properly take care of the fish when they are caught. All of these things, and perhaps many more, are the type of things that need to be developed in those countries. To a very large degree they are being done and done very commendably under the Colombo plan.

Mr. Cavell's evidence indicated that already projects which had been under development for some years in India and Pakistan especially are showing their results in increased production of foodstuffs. Last year, for example, for the first time in many years, we were told that India found it possible to provide the necessary food for her people without having to buy abroad. Of course we realize that the past season was a good crop season, but the various community projects under India's five-year plan, assisted by Colombo and the technical assistance program, have done much to increase production of food in that country.

It is reasonable to expect that within a matter of 30 years or 40 years it will be possible, with help from the western countries, to bring up the productive capacity of these three commonwealth countries to the point where those areas will be able to feed their great population on a reasonable level of good nutrition.

Indeed, Mr. Cavell, in his evidence, suggested that we would have to consider the Colombo and technical assistance plans as

long-range plans. He emphasized that we cannot expect to accomplish too much overnight, and that those countries that are contributing to the scheme might very well consider that they will have to go on making capital and technical contributions over quite a considerable period of time if we are to achieve the kind of thing that we want to achieve through the operations of the scheme themselves. Even so, if we have to go on for 30 or 40 years, I think that they are very well worth while; and besides the material benefits that will accrue from them to the underdeveloped and underprivileged people of the countries I have named, eventually, there will be also tremendous psychological benefits that will be favourable to the western world. We must remember, Mr. Chairman, that Ceylon, India and Pakistan are members of our great commonwealth family, and as such they deserve our sympathetic understanding, support and help in their great struggle to improve the lot of their myriads of people.

The kind of assistance we are giving to them is the best kind. I am convinced of that. In my judgment it would never do for us to feel that by sending quantities of consumable goods year after year we could help them in a permanent way. Of course, I think we should send gifts of consumable goods, as we can out of our abundant production right here in Canada, and some other countries of the western world, gifts of food materials and other consumable goods that we can spare, to help to show these people that when we call ourselves a Christian nation that is what we really are. I believe that many of the people of the world would be impressed by such gifts, impressed with the fact that we are what we claim to be, and that out of the abundance of our blessings we are prepared to share them with less fortunate people.

I think right here that a word of commendation to Mr. Cavell and his associates for the excellent work they are doing would not be out of place. We are fortunate in being able to have a man like Mr. Cavell to head up this work for Canada.

Another outstanding feature, at least to me, of the committee's experience this year was General McNaughton's appearance before it. As hon. members know, General McNaughton is the chairman of the international joint commission. His report, and the answers he gave to the many questions that we asked, were not only interesting, but also reassuring and educational. General McNaughton is doing an outstanding job for Canada on this very important commission. His strength and his vision and his determination are the very qualities that make him the right man in the right place at the right time. Many studies are being made by the international joint commission involving matters of tremendous importance to Canada and to her future welfare. Of particular interest to me are the studies relating to the boundary waters from the St. Lawrence in eastern Canada to the Columbia river reference in western Canada. The fair division of all waters under study is vital to Canada. Back in 1909 Canada and the United States signed a treaty governing boundary or international waters. Since then Canada has meticulously—and I emphasize that—observed the provisions, every single one of them, of that treaty. However, subsequent acts of the congress of the United States have had the effect of rendering the treaty of 1909 somewhat unstable from the point of view of interpretation by United States interests, and therefore the work of the Canadian section of the international joint commission has been very complicated and exceedingly difficult at times.

It was reassuring to members of the committee to hear General McNaughton say that the Canadian section of the commission is determined to stand by the treaty of 1909 and secure Canada's fair share of the boundary waters as well as a fair share of the power developed from them. May I emphasize that Canada does not want any more than her fair share. But I am certain I am speaking for every one here when I say that we want our fair share. It seems to me that we should lose no appropriate occasion to let General McNaughton and his Canadian colleagues know that the Canadian people stand unitedly behind them in their efforts.

Moreover, our people should be brought to a calm awareness—I do not think it is necessary to arouse them to any emotional hysteria —of the facts of the situation. There are greedy interests in the United States who will spare no efforts to grab the lion's share of the water and power from the international authority. I am not speaking of the United States generally, or the United States government. But there are greedy interests in the United States who would grab the lion's share if they could get it. These interests will attempt to put heavy pressure upon the international joint commission which is charged with making decisions vis-à-vis the international waters, and references thereto.

It is for that reason, among others, that I say we are very fortunate to have as leader of the Canadian section a man of the character and stature of General McNaughton who, with his colleagues, should be made to feel the interested support of all Canada in his very difficult task.

Now, Mr. Chairman, I would like to turn for a few moments to the world situation. I suppose in a general fashion the best way to describe it at the moment is to say it is a mess, and I suppose one could be pardoned for asking what has happened to statesmanship in the world, and for inquiring the whereabouts of our statesmen. In view of the manner in which the situation has steadily deteriorated a person could be excused for thinking they had at last chucked up the job and gone off on a fishing trip leaving the office boys to decide policy. The stenographers, I am certain, would sometimes do a better job.

We all hope, and there has been at least some reason to hope, that the Geneva conference would get down to business without delay and work out some kind of peace treaty for Korea and at least an armistice in Indo-China. We were hopeful of that and I certainly have not lost my hope yet by any means. We had hoped that France would be able to hold the communist-led Viet Minh at Dien Bien Phu, at least until the conference called a cease-fire, for that would have strengthened France's position tremendously. I was hopeful that France would have the good sense to give the people of the provinces in Indo-China some satisfactory guarantee of early independence on a political basis of which we could all be proud.

I was hopeful too that the western nations would go to the conference united on a firm policy with respect to Indo-China as well as the whole of southeast Asia. But France demonstrated, unfortunately, and I say this sadly and not with any desire to be critical, how left-wing sympathies can demoralize the people and render a country almost impotent. We have all had to pay tribute to the gallantry of the French forces who put up such a marvellous defence at Dien Bien Phu. But their gallant stand and heroism were useless while impotence and indecision governed everything back in France where direction and wherewithal had to come from. The world was disgusted and saddened at the callous refusal of left-wing members of the French parliament to stand with their countrymen in a moment of silence out of respect to the men of their own flesh and blood who had died in the defence of Dien Bien Phu. France is not the only country that has been rendered almost or completely impotent by communist paralysis. To a greater or lesser degree every country in the world has been affected by it. But thank God some countries have roused themselves to the danger and are doing their best to clean up their own houses and put them in order.

[Mr. Low.]

Unfortunately, Britain seems at this time not to be able to give the kind of leadership that is expected and required of her in a world of confusion. There is only one good reason for it that I can see, and that is the effects of the paralysis of which I have already spoken which, if not checked, get so strong as to turn statesmen from statesmanship to expediency.

As a consequence, everybody has been waiting around expecting everybody else to decide what to do in Indo-China and while they have been blundering along the communists have been progressing successfully from one objective to another until today Hanoi, and the rich rice plains of that country, are in danger of capture by the Viet Minh.

I realize some of the difficulties in the way of achieving unity amongst the western nations and of deciding on a firm policy. I know that democratic countries cannot do more than their people are prepared to allow them to do. But I am certain in my own mind that if every means available were used to inform the Canadian, United States and British people to make them aware of the dangers and the possible solutions to the problems involved at Geneva, they would be prepared—and I am speaking of all the people generally now—to do whatever is necessary to preserve their freedom and establish their security.

Let it not be forgotten for one moment that the freedom, future security, happiness and well-being of every individual in these countries is involved in what happens at Geneva. The stakes are high, and that part of the game has to be played mighty carefully. However, in our part of the world I fear that the people generally have not been made aware of the dangers and the possible solutions to the problems. Consequently they are confused and hesitant about what should be done and what they are prepared to sacrifice to bring our cause to triumph. Our people have somehow got to be made to understand, and when I say our people I mean not only the people of Canada but of all the free nations of the world, that there is a great cause and that that cause is worth struggling for.

On October 31, 1942, not very long after Britain's darkest hour of the late war, Prime Minister Churchill spoke to a group of about 3,000 mine owners and mine workers delegates at some point in England. In the course of his speech the Prime Minister is reported to have said these words:

I sometimes have a feeling of interference. I want to stress that. I have a feeling sometimes that some guiding hand has interfered. I have a feeling that we have a guardian because we've a

great cause, and we shall have that guardian so long as we serve that cause faithfully. And what a cause it is!

That ends the quotation from Mr. Churchill but I should just like to say one word on what Mr. Churchill said. The Prime Minister of Britain expressed a deep faith and that faith was vindicated to the full by event after event during world war II. The people of Britain were made aware of their danger. They were made aware of the great cause for which they were struggling, of the overarching Divine Providence and protection for their cause, and the righteousness of their cause. They did not hesitate to decide what they were willing to do.

At the appropriate moment, given statesmanship and leadership, the people of the free countries in the world, I am satisfied, would not hesitate to decide the part they would play and what sacrifices they would be prepared to make if they were made aware of the dangers to their freedom and liberty, and if they could be assured that our cause was just and right.

The Deputy Chairman: Order. I am sorry to have to interrupt the hon. member but it is five o'clock and the house must now proceed with private and public bills.

At five o'clock the Acting Speaker (Mr. Applewhaite) resumed the chair.

PRIVATE BILLS

The Acting Speaker (Mr. Applewhaite): There are several divorce bills to be considered in committee of the whole. Is it agreed that they all be taken in one motion?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): Is it agreed that I do now leave the chair for the house to resolve itself into committee of the whole on divorce bills Nos. 380 to 388 inclusive, 395 to 417 inclusive and 423 to 440 inclusive?

Some hon. Members: Agreed.

The house went into committee, Mr. Applewhaite in the chair.

CONSIDERED IN COMMITTEE

Private Bills—Divorce

Bill No. 380, for the relief of Rita Boucher Dufort.—Mr. Hunter.

Bill No. 381, for the relief of Lucy Halga Saunders Gibson.—Mr. Hunter.

Bill No. 382, for the relief of Antonie Lutz Jedrzejewski.—Mr. Hunter.

Bill No. 383, for the relief of Jessie Clarke Thompson.—Mr. Hunter.

Bill No. 384, for the relief of Dorothy Coughtry Paquette.—Mr. Hunter.

Bill No. 385, for the relief of Isabel Ruth Smith Newey.—Mr. Hunter.

Bill No. 386, for the relief of Eugene Clifford Carbonneau.—Mr. Hunter.

Bill No. 387, for the relief of Jean Antoine Francois Armand.—Mr. Hunter.

Bill No. 388, for the relief of Maria Clara Anita Cauchon Quirion.—Mr. Hunter.

Bill No. 395, for the relief of Elsie Elizabeth Belford Grant.—Mr. Hunter.

Bill No. 396, for the relief of Jean Monette. —Mr. Hunter.

Bill No. 397, for the relief of Pearl Mary Brown Pratt.—Mr. Hunter.

Bill No. 398, for the relief of Annie Holman James.—Mr. Hunter.

Bill No. 399, for the relief of Marie Paule Lemay Mondello.—Mr. Hunter.

Bill No. 400, for the relief of Marilyn Lesley Simpson Lavallee.—Mr. Hunter.

Bill No. 401, for the relief of Edith Lorraine McBurney Robinson.—Mr. Hunter.

Bill No. 402, for the relief of Aline Gosselin du Berger.—Mr. Hunter.

Bill No. 403, for the relief of Eileen Lucy Tollett Power-Williams.—Mr. Hunter.

Bill No. 404, for the relief of William Pappas.—Mr. Hunter.

Bill No. 405, for the relief of Claire Labelle Cousineau.—Mr. Hunter.

Bill No. 406, for the relief of Denise Marie Helene Laporte Woodhouse.—Mr. Hunter.

Bill No. 407, for the relief of Lois Helena Kearns Higham.—Mr. Hunter.

Bill No. 408, for the relief of Dorothy Rita Wade Moulden.—Mr. Hunter.

Bill No. 409, for the relief of Albert Thornton.—Mr. Hunter.

Bill No. 410, for the relief of Koidula Laigma Hagel.—Mr. Hunter.

Bill No. 411, for the relief of Yvette Lafontaine Tatos.—Mr. Hunter.

Bill No. 412, for the relief of Freda Becker Blumenthal.—Mr. Hunter.

Bill No. 413, for the relief of Monica Elizabeth Benoit Mullin.—Mr. Hunter.

Bill No. 414, for the relief of Felix Andre Landry.—Mr. Hunter.

Bill No. 415, for the relief of Marie-Claire Parisien Barbeau.—Mr. Hunter.

Bill No. 416, for the relief of Marie Muriel Gladys Lena Soubre Dubour.—Mr. Hunter.

Bill No. 417, for the relief of Joan Millicent Kemp Tessier.—Mr. Hunter.

Bill No. 423, for the relief of Mary Joy Thomson Asselin.—Mr. Hunter.

Private Bills—Divorce

Bill No. 424, for the relief of Ronald Arthur Leslie.—Mr. Hunter.

Bill No. 425, for the relief of Lucienne Saint-Laurent Calve.—Mr. Hunter.

Bill No. 426, for the relief of Roberta Barbara Shvemar Feigelman.—Mr. Hunter.

Bill No. 427, for the relief of Pearl Marie Neil Lane.—Mr. Hunter.

Bill No. 428, for the relief of Marjorie May Price Amory.—Mr. Hunter.

Bill No. 429, for the relief of Marie Jeannette Laure Lafreniere Lucas.—Mr. Hunter.

Bill No. 430, for the relief of Frances Goldberg Glegg.—Mr. Hunter.

Bill No. 431, for the relief of Thelma Nellie McKeage Patrick.—Mr. Hunter.

Bill No. 432, for the relief of Madeleine Roy Julien.—Mr. Hunter.

Bill No. 433, for the relief of Louis Tothe. —Mr. Hunter.

Bill No. 434, for the relief of Joseph Delphis Guillaume Delorme.—Mr. Hunter.

Bill No. 435, for the relief of Nicolas Joseph Ladislas Barath.—Mr. Hunter.

Bill No. 436, for the relief of Ferencz Gyula Babinszki.—Mr. Hunter.

Bill No. 437, for the relief of Beatrice Alexandra Duff Sheppard.—Mr. Hunter.

Bill No. 438, for the relief of Remi Charbonneau.—Mr. Hunter.

Bill No. 439, for the relief of Kathleen Florence Pippy Hayward.—Mr. Hunter.

Bill No. 440, for the relief of Fred Skiffington.—Mr. Hunter.

The Deputy Chairman: We will consider clause 1 of these bills.

Mr. Knowles: Mr. Chairman, I am not going to ask you to go through the task of calling all the bills one by one but there are two or three of these cases on which I should like to make a brief comment. I am in your hands as to how you would like to handle them.

The Deputy Chairman: If the committee were in agreement that the bills be committed all at one time, perhaps the remarks the hon. member wishes to make on one or two of them might be made when the appropriate section is called. Is that procedure agreeable to the committee?

Some hon. Members: Agreed.

On clause 1—*Marriage dissolved.*

Mr. Regier: Mr. Chairman, this divorce case is a case that is based on evidence. I do not choose to oppose the case in any way, shape or form. However, I should like to say something on this matter of evidence. All these cases, as was this one, are based on sworn evidence—evidence taken under oath —by individuals. These people come to the committee of the other house, and if necessary, they come to a committee of this house and take an oath that they will tell the truth and nothing but the truth. Many of us are not trained in legal matters and we have a great deal of difficulty in sorting out the evidence. I feel that our people back home sent me here to legislate. I feel that they sent me here for the purpose of making laws, not to determine between different types of evidence and to decide which evidence is acceptable and which is not. I feel that I am wholly unqualified to perform that function.

The question that enters my mind is this. What happens if in this evidence perjury is apparent or is possibly even admitted? As the committee will recall, I drew the attention of the house to one of these cases on April 2 last. The case was referred back to the committee, presumably for them once again to peruse the evidence and to reconsider their decision. However, when this committee met the counsel for the petitioner appeared and asked permission to withdraw the case. He was asked for a reason and he said that his client had found that those who had given evidence on his behalf were wholly untrustworthy. To me that statement seemed to be an admission of the suspicion to which I gave vent on April 2. There was at least cause to suspect perjury there. In fact, in this particular case the man had given evidence under oath that he was an agent for a certain life insurance company. But we have an affidavit from that life insurance company to say that they had never heard of that man, so he could not possibly have been registered as one of their salesmen. There were other evidences of perjury.

What I should like to know is this. Since these cases are based on sworn evidence, if there is an admission or a suspicion of false evidence having been given, who is responsible for instituting action for perjury? Is it the committee of this house? Is it the committee of the other house? Is it the chairman of our committee or of the other committee or is it our Minister of Justice? Or is it up to the attorney general of the provincial government? If it happens in this house, is

it the attorney general of the province of Ontario? We have a great many committees in this house which from year to year hear evidence taken under oath. Is it a satisfactory situation when the attorney general of a provincial government has to peruse all cases of possible perjury in committees of this house or of the other house? I should like the Minister of Justice to give me an answer as to who really is responsible.

Mr. Garson: Mr. Chairman, there is not any question at all that the constitutional responsibility for the administration of justice comes squarely under the provincial authorities under the terms of the British North America Act.

Mr. Regier: Which provincial authority?

Mr. Garson: In connection with a case of this sort, the provincial authority of the province in which the offence occurs.

Mr. Nicholson: That would be Ontario or Quebec in this case?

Mr. Garson: If perjury were committed before a Senate committee, that is in the city of Ottawa in Ontario.

There is, however, good sense in the remarks which the hon. member for Burnaby-Coquitlam made to the effect that crown prosecutors and attorneys general of the provinces can hardly be expected in the normal course of their duties to examine the evidence which is given before Senate committees and to see whether any perjury is committed. If, therefore, it is suspected that the evidence which is given before the divorce committee of the other place indicates that perjury has been committed, and if all of the circumstances seem to warrant it I should think that the proper procedure for the responsible official of the other place would be to send the file to the crown attorney of the city of Ottawa for attention, if the offence took place here, in the same way that he would give attention to any crime or alleged crimes that were brought to his attention in the course of his duties. In that way the proper federal authorities would be acting in a manner for which they had the proper machinery and the provincial authorities in the same connection would be acting similarly. I am sure my hon. friend must realize that when we do not have the responsibility for the administration of justice we do not build up a staff of crown prosecutors and so forth to act under federal auspices,—

Mr. Diefenbaker: You have lots of lawyers though.

Mr. Garson: —except in relation to customs and excise offences and so on. Even then we retain outside counsel in most cases because the volume is not sufficiently large in any one place to warrant our having salaried crown attorneys. Therefore I would think that if the circumstances of the case to which my hon. friend refers appears sufficiently heinous the file might be sent to the crown attorney.

Mr. Diefenbaker: Would the minister allow one question? Is there no one who takes the position of the Queen's proctor in connection with divorce actions?

Mr. Garson: My hon. friend means divorce proceedings before the Senate committee?

Mr. Diefenbaker: Yes, before the Senate committee.

Mr. Garson: I must confess I cannot answer that question offhand. I should think that probably the committee as a whole would take that position. I think that my hon. friend from Prince Albert, upon reflection, would agree that was the case. If there were any irregularity or impropriety connected with the proceedings before the committee I am sure that every member of it would feel some responsibility to see that proper action was taken in respect of it.

Mr. Regier: Before I cast a vote for this first section which is based on sworn evidence, would the minister give the house his assurance that the case to which I referred on April 2 will be carefully investigated by his department and, if necessary, the particulars called to the attention of the attorney general of the province of Ontario? I feel this is a rather important matter because we do not want our citizens to get the idea that sworn evidence before a committee of this house or of the other place is just a mockery. In my opinion it is important that Canadian citizens realize their responsibility when they are asked to appear and to take an oath.

Mr. Garson: I must say in all candour that I am not at all seized with the circumstances of the case to which my hon. friend refers, but I will be glad to discuss the matter with the chairman of the Senate divorce committee and move on from there in accordance with what seems to be the proper thing to do in the light of our discussion.

The Deputy Chairman: Before this discussion continues I think it is up to me to make this point. I am not suggesting a ruling that the evidence upon which these cases are based is not open for discussion at this time. Of course it is, but I am going to tell the commitee now that a debate as to what should be done with respect to instituting a perjury action in a case of this sort, and where the responsibility for that lies, is not, I think, within the ambit of the committee's duties at this time.

Mr. Gillis: I want to get a little information. I do not think I agree with your ruling, Mr. Chairman. The case that the hon. member for Burnaby-Coquitlam has brought up is one that has already been before the house. It was sent back from the house because of the evidence. I am not going to argue it one way or the other, but I should like to get one thing clear in my mind. Incidentally, this is a good example of why we should not be handling these matters here. The Minister of Justice stated a minute ago that he thought the expenses involved in a prosecution for perjury should fall upon the province of Ontario. But this was not an Ontario divorce. This was a Quebec divorce and the crime was committed in Quebec.

The Deputy Chairman: Order. I am afraid I must point out that if I have followed the discussion correctly the evidence to which hon. members are now referring is evidence taken in a case concerning which there is not even a bill before the committee at the moment. I admit that the method of acquiring the evidence upon which these cases are based and the validity of such evidence are certainly open to discussion in the committee at this time, but whether or not somebody should institute a prosecution for perjury with respect to a divorce bill which has not reached this house—

Mr. Gillis: It has gone from the house; it was sent back.

The Deputy Chairman: —which is not before the committee at this time is, I am afraid, not a proper subject for discussion on clause 1 of these bills.

Mr. Gillis: I was not—

The Deputy Chairman: I think the Leader of the Opposition wanted to say something.

Mr. Gillis: I was not debating the evidence or questioning it at all. However, the Minister of Justice did state that he was going to examine the question—and we should know—of where the responsibility rests for prosecution. He indicated that in this case it would fall on Ontario. That is not fair to Ontario. If he is going to look into this particular case, which was passed by the Senate, came to this house, was sent back and thrown out, then I suggest that he should also examine that aspect of the matter. It is not fair to put Ontario to the expense of a prosecution for something that comes from Quebec.

The Deputy Chairman: Order.

Mr. Gillis: I am through.

The Deputy Chairman: Order.

Mr. Gillis: I am finished.

[The Deputy Chairman.]

The Deputy Chairman: Order. I want to make it quite clear that in so far as the question of instituting a prosecution for perjury based on a case not before us at the present time is concerned, the question of where the responsibility for that lies is not a subject for discussion on clause 1 of these bills.

Mr. Drew: Mr. Chairman, I propose to bring this debate in order because I believe the Minister of Justice has raised an extremely important point. I propose to vote against the measure and to explain why I am going to vote against it. I will refer to what the Minister of Justice has just said. I must confess that I had not realized previously that the Minister of Justice accepted no responsibility in his department for considering the nature of the evidence and taking appropriate action if it should be disclosed that the evidence did not support divorce. There are many of us who for different reasons have very strong objections to the laxity in divorce proceedings in any event. There are some of us who belong to communions in which there is a definite prohibition against that proceeding.

But apart from that consideration entirely we are confronted now with the statement that the Department of Justice stands aside in respect of the evidence upon which a divorce is being granted through the special legislative action of the parliament of Canada. For some time a great deal of concern has been felt in the house about the fact that we should find ourselves in the position of having to accept a whole series of divorce bills with no real opportunity to test the evidence or to challenge it. We had one case recently where the evidence manifestly was, to put it very mildly, most unlikely, in fact, so unlikely that I understand those who had taken the responsibility for presenting the application deemed it wise to proceed no further.

The fact remains, however, that if there was perjury that perjury is in no way cured simply because the proceedings have not been pressed and the application has either been withdrawn or allowed to stand. I would have thought that the Department of Justice would have inquired into that curious case where the horn played such an important part. I have forgotten just how the horn was sounded or the particular part it had in the proceedings, but the whole thing sounded fishy. In fact, apparently it was regarded as sufficiently fishy by those who had presented the application that they decided not to proceed. If there was perjury, then perjury should be no less perjury in a case of this kind. If we are going to be called upon to deal—

The Deputy Chairman: Order. The Leader of the Opposition is carrying on the same discussion that I felt called upon to interrupt when another hon. member was speaking, namely the discussion of the evidence that might have been or would have been the justification for a bill being submitted to this committee. At this time that bill is not before this committee. I must say it is my ruling that discussion of a perjury action or what action is to be taken as a result of certain evidence given in this building has not any connection with any of the bills now before the committee, and is not a subject for discussion at a time when we are in committee on certain specific divorce bills.

Mr. Drew: I am not finished yet, Mr. Chairman. I have presented the illustration, and I simply say now that proposition that has been stated in relation to this particular case, that it is not the responsibility of the Department of Justice because these parliament buildings happen to be in the province of Ontario, that the responsibility rests upon the attorney general of Ontario to examine the evidence that is given here and consider whether or not a question of perjury might arise, is one that places before this house a situation that makes it very difficult for us to proceed in this very extraordinary way we have been proceeding. For that reason, and to give conformity to the procedure I have put forward, I propose to vote against this measure.

Mr. McIvor: I should like to ask a question, Mr. Chairman. Where was the perjury committed?

Mr. Knowles: We have before the committee, by a procedure which you have suggested, Mr. Chairman, clause 1 of fifty different divorce bills. I have indicated that there were three or four of them upon which I wish to make a brief comment, and I indicated that it was satisfactory to me if you found some other method rather than calling them one at a time. I now wonder whether we should not have followed the other practice, but at any rate may I indicate, so that you will see how thoroughly in order I am, that my remarks are directed to Bills Nos. 382, 399, 401 and 407.

I do not wish to suggest that I might not have remarks of a similar character to make with respect to the other bills included in this group of fifty, but I am speaking directly to those four bills, the number of which I have given but I have given them without indicating the names of the persons involved. In looking through the evidence concerning these four bills, I find that in every case the evidence was given by one or the other or both of two detectives. Again, I shall not advertise them by giving their names. But I point out that the committee on miscellaneous private bills, when it considered a batch of these bills the other day, not only rejected the bill to which reference has been made and which Your Honour has suggested should not be further discussed, but rejected another bill.

We will call this other bill a bill dealing with people by the name of Mr. and Mrs. A. This bill was rejected by the committee unanimously. Nobody would defend it at all. The committee was not satisfied with the evidence contained in this other case—that of Mr. and Mrs. A. Their name does not begin with A; I just picked that out of the air.

I draw the committee's attention to the fact that the two detectives who were witnesses in this case which was turned down unanimously by the committee turn up in these four cases, covered by Bills Nos. 382, 399, 401 and 407. I ask the members of this committee: What confidence can you have in the validity of bills based upon evidence from these detectives, and they are names that have been turning up in these cases through most of the years I have been in parliament. Time and time again it has been evident, on the basis of just reading the transcript, that it is evidence that cannot be trusted. On the basis of that, what confidence can we have in the validity of the cases being brought before us? I do not know. It may be that some of these cases covered by the bills to which I have referred are legitimate cases so far as the laws of the land stand at the present time. But when, as I say, one case is turned down unanimously because the members of the committee are not satisfied with the evidence that has been given, what confidence can we have when the same people bring in so-called evidence in other cases?

Hon. members know the kind of evidence they give, such as putting a matchstick at the door or putting scotch tape on the door; that sort of thing. I need not go into it. I believe that in the case that was rejected it was revealed that evidence was given concerning a certain woman who was supposed to have been in Montreal, but our committee was convinced she was not in Montreal at that time at all. Some of us have never had any confidence in this way of dealing with the matter, but what has happened recently surely must shatter the confidence of any who still had confidence in this way of dealing with the business.

My points are two. One is the matter we are not supposed to discuss, the bill that has

been dropped because counsel appeared and said it should be withdrawn. The other is that we can hardly have confidence in those who passed that bill. Here is another one which went before the committee and the members of the committee said, despite the fact the Senate passed this, we have no confidence in it. They unanimously threw it out. Yet, we have these four bills before us today. I have not taken the time to read them all, and I do not know what is in all the others.

Mr. Diefenbaker: Was the evidence direct evidence or circumstantial?

Mr. Knowles: Some of both, if I may answer my hon friend. A great deal of it, indeed most of it, is circumstantial.

There is no secret about what we are advocating, and we are not picking on these particular cases. I mentioned them so I could stay in order. Surely, the members of the house must be coming around to the position we have taken for a long time that parliament is not the place to deal with these cases. We ought to find some other way. I hope that will be done.

I have mentioned four of the fifty bills, Mr. Chairman, and I have done so because of these same detectives who turn up over and over again. When I see their names in the evidence and recall some of the other cases in which they had been mixed up, I certainly do not feel that it is parliament's business to be dealing with matters of that kind.

There is another one in the group that presents a strange story, and that is Bill No. 397. Again, I shall refrain from giving names. As I understand it, the man in this case some time ago applied to parliament for a divorce from his wife on the ground that she was incurably insane. Hon. members will recall that application and the considerable interest in it, because it raised the whole question of the grounds for divorce. Then, we did not hear anything about it for quite a while. In fact, most members probably wonder what happened to the case. It appears the lady came before the senators during the hearing, and they decided she was not incurably insane. I suppose senators are capable of judging sanity or insanity. Anyway, the initial case was withdrawn. But now we have a case between the same two parties before us again. This woman, who was earlier alleged by her husband to be incurably insane—

Mr. Diefenbaker: How many years ago was that?

Mr. Knowles: It was about 1939 when she first went to the hospital. Now she has come back to this parliament and applied for a divorce against her husband on the grounds that he has committed adultery. And who was the chief witness to the fact that he had committed adultery? It was the husband, himself.

I do not propose to judge that case—this is Bill 397, clause 1; I could not be more in order, could I?—I do not propose to judge as to what is right or wrong in that case. I am not competent to do so, and I doubt if any member in the House of Commons feels that he is competent—certainly not on the basis of such evidence as we have here. I do not suppose many members have read the case.

I would like to know what has gone on in the interval between the time when the first application was made, on the grounds of insanity, and this application on the grounds of adultery on the part of the other person.

Well, the divorce has been approved by the Senate, and here it is, buried in this bunch which has come along today. I do not know whether the committee on miscellaneous private bills considered this one or not, but there it is. It is one of the fifty and, as the hon. member for Burnaby-Coquitlam has said, his constituents did not think, when they elected him on August 10, that they were electing a person to judge on issues like this, which are judicial in character and should be dealt with by a proper court.

None of us feels that he is competent to deal with a matter of this kind. I certainly hope that the members of this House of Commons and the members of the government will consider very seriously the spot in which we are being placed with regard to this whole business, which is not the business of parliament, I suggest. If anything at all, it is the business of a court. Surely we must, as we recognize the necessity of getting rid of this business, give it in some way to an appropriate court that can deal with it properly.

Mr. Ellis: Mr. Chairman, we are called upon to vote on these bills. As a member of the committee I should like to say that when they come in large groups, as they do, I think in the past members may have voted for those bills on the strength of the fact that the Senate committee had passed them and had granted the applications for divorces. However at our last meeting of the committee there were only two cases before it. As has already been pointed out, the first of these was withdrawn—and under very curious circumstances which, as had been suggested, should lead to very close examination of the case because of a possibility of perjury.

The second case passed the Senate committee, but was thrown out unanimously by

the committee of this house. In other words, at one meeting of the House of Commons committee both cases passed by the Senate committee were rejected.

The Deputy Chairman: Would the hon. member please come to the bill before the committee.

Mr. Ellis: Mr. Chairman, we are called upon to vote for a series of divorce bills, and there has been no opportunity for a close examination of the evidence. We are asked to vote on these bills on the strength of the evidence presented to the Senate committee. I suggest that under the circumstances, in view of the fact that at the last meeting of the committee on miscellaneous private bills two bills passed by the Senate were thrown out—and very wisely so—the circumstances have altered somewhat, and that before we should be called upon to vote on these bills we should be prepared to give a great deal more consideration than has been given in the past.

In other words, if the Senate passed two bills, as they did, which were thrown out by the House of Commons committee, then I suggest this house ought to give a great deal closer consideration to divorce bills when they come before us in the future. For that reason I say we ought to consider the whole question of the handling of these divorce cases in the House of Commons before we are asked to vote en bloc on a great many of these bills.

Mr. Drew: Mr. Chairman, I think that inadvertently an extremely important issue has been raised on this occasion. I believe it will be agreed that the sanction behind our ordinary judicial procedure is, in large measure, the knowledge on the part of those who give sworn evidence that if there is perjury they may and should be charged in respect of that perjury. While we would like to think that the consciences of people would prevent their making false oaths, the very fact that we include the perjury provisions in the Criminal Code indicates the extent to which this is regarded as a sanction behind our judicial procedure.

In the present instance I am not discussing the procedure, because that is a big consideration. I wish it quite clearly understood that in this respect I am not identifying myself with the particular argument that has been put forward by members of the party which first raised the question today. That is a very big subject, to be discussed on some other occasion.

However the situation in which we now find ourselves, in relation to these bills which are placed before us in bulk, and the first items of which we are now discussing, is that we are told that unless the attorney general of the province of Ontario sees fit to examine every one of these cases, then there is no sanction such as ordinarily applies in such a case.

Mr. Garson: No, no. On a point of privilege, Mr. Chairman; I am sure I did not leave any such impression. What happens in the ordinary case, where A is suing B for damages following an accident, is that if perjury is committed by any witness in such a case the person chiefly concerned—very often the judge who tries the case—brings to the attention of the crown prosecutor the fact that such perjury has been committed in order that the crown prosecutor may look into the matter to see if he thinks a charge of perjury should be laid.

When the hon. member asked me this afternoon what procedure would be adopted where perjury had been committed in proceedings before the Senate committee, I thought I had given to hon. members a very clear indication that an analogous step would be taken by, possibly, the chairman of the Senate divorce committee, to bring that matter to the attention of the crown prosecutor in the same manner as a judge would do it in the case to which I referred a moment ago.

I said in that connection that the constitutional responsibility for the administration of justice was that of the province, and that to this end in every province of Canada the government has fairly elaborate machinery, consisting of the attorney general's department and a number of crown prosecutors scattered throughout the province for the purpose of carrying out that constitutional responsibility.

I did not say that the attorney general or crown prosecutor of the province would have to give the matter his personal attention and examine the evidence that was brought before the Senate committee for suspected perjury; because he could not discharge that responsibility even in connection with the ordinary lawsuits that are tried in the law courts. Cases of perjury there are brought to the attention of the crown prosecutor or the attorney general's department, and are investigated in a routine manner using machinery which is set up for that purpose. If there is an indication that there is evidence to support a charge of perjury, that charge is laid and then continues in the ordinary way.

Mr. Macdonnell: Will the minister permit a question?

Mr. Garson: Yes.

Mr. Macdonnell: Has there ever been a charge of perjury laid in connection with those divorce cases?

Mr. Garson: I am sure I have not the faintest idea whether there ever has been or not. The question that was addressed to me and which I have endeavoured to answer was what steps could be taken, in the event that perjury had been suspected; what procedure should be followed?

Mr. Diefenbaker: It would be contempt of parliament, would it not, and as such punishable by parliament?

Mr. Garson: I would not like to say offhand that my hon. friend was wrong in that suggestion, but I am perfectly certain that it would be perjury because—

The Deputy Chairman: Order. I think I must interrupt the Minister of Justice at this point because the committee will agree with me that, interesting as this discussion may be, it has nothing to do with clause 1 of the bill which we are considering. I propose to read to the committee clause 1 of the first of the 50 bills which are being considered. The clause reads:

> The said marriage between Rita Boucher and Roland Dufort, her husband, is hereby dissolved, and shall be henceforth null and void to all intents and purposes whatsoever.

In so far as any member wishes to argue whether or not that clause 1 is based on correct or incorrect evidence I cannot rule him out of order; but assuming that perjury has been committed in connection with clause 1 of any of these 50 bills under discussion in this committee, as to whether or not clause 1 shall or shall not be adopted, the discussion as to where the responsibility for laying a charge of perjury lies is absolutely out of order. Will the members please confine themselves to a discussion of clause 1 of the bills before them?

Mr. Nicholson: Now that the question of perjury has been drawn into the discussion—

The Deputy Chairman: I hoped I had ruled the question of perjury out of the discussion.

Mr. Nicholson: It is significant that with respect to the 50 bills before us it is the hon. member for Parkdale who is the sponsor, and he is not in his place. There are 75 members here from the province of Quebec where these bills originate. As I say, there are 75 members from the province of Quebec, and yet it has not been possible to get one member from that province to sponsor these 50 bills. They have to go to Ontario, to the city of Toronto, to get the hon. member for Parkdale, who is absent, to be the sponsor. We should not be asked to accept clause 1 without having the assurance that no perjury has been committed in connection with the evidence having to do with Bill No. 380.

While I am on my feet I should like to ask the minister whether he has acted on the suggestion of hon. members and has read the evidence in connection with Bill No. 327. If he has not, will he give an undertaking that he will read the evidence over the week end and indicate whether he thinks it is fair that the province of Ontario should have to take on the responsibility of following up and incurring public expense in connection with prosecuting for perjury that really is—

The Deputy Chairman: Order. I might point out to the hon. member that it will not be possible for me to permit the minister to answer that question because Bill No. 327 is not before this committee. We start with Bill No. 380. Is the committee ready for the question?

Mr. Macdonnell: You will be very surprised to hear me raise a point of order, Mr. Chairman, but I want to ask you whether you think that this question is irrelevant, because it is very important to me so as to help me to know how I am to vote. I have always been very troubled with this procedure. I remember when I was first in this house Mr. Ilsley trying to defend it with very great uneasiness, showing how much he disliked it, but saying there did not seem to be any alternative, as did the Prime Minister once when the house became particularly restive and asked to change the procedure. But up to the present moment I had assumed that while this is a procedure that is very distasteful, it was at least carried out in an efficient manner. What has happened this afternoon makes me feel that perhaps by inadvertence the usual sanctions, to use the words of my leader, which are applicable in ordinary judicial proceedings or in any kind of a proceeding where oaths are involved, appear at least to be utterly absent here. I suggest to you a determination of this question is very important to the vote of some of us, and therefore I hope you will not rule it out of order.

Mr. Drew: I do want to refer to certain statements made in regard to this by the Minister of Justice. The Minister of Justice pointed out that under the British North America Act the administration of justice is under the provinces. We are not dealing now with the administration of justice in the ordinary sense. We are dealing now with a parliamentary procedure. The hon. member

for Prince Albert has pointed out that probably there may be two points raised by this. There may well be the question of contempt of parliament; but in any event, as the minister said, if the evidence is false it could be perjury. The minister suggested that he did not make the statement that this would be the responsibility of the attorney general of Ontario. I would point out to him he said earlier that since this evidence is given—

The Deputy Chairman: Order. I would hope it will not be necessary for me to point out to the Leader of the Opposition or to the Minister of Justice that if they consider I was in error in ruling that these matters in connection with perjury are out of order they have the right to appeal to the house. I have made the ruling, and I regret I must repeat it, that the question of perjury proceedings and where the jurisdictional responsibility lies and so forth, even in connection with perjury which may have taken place on these bills, or on bills which are not before the committee, is not in order at the present time. We are not even considering the general principle of the bill. We are in committee of the whole on clause 1 of a group of bills which have come to this committee from the miscellaneous private bills committee of this house. They appear in the name of the chairman of that commitee, because it is his duty to sponsor them.

An hon. Member: He is not here.

The Deputy Chairman: I must insist that we confine our discussion to the merits or demerits of clause 1 of these individual bills, and that matters of procedure, jurisdiction and so forth, important as they may be, are not in order in the committee stage on clause 1 of these bills.

Mr. McIvor: You are right.

Mr. Knowles: I wonder whether I may ask a question of the Minister of Justice with regard to clause 1 of the four bills, the numbers of which I gave him before? I have tried my best, as you will confirm, Mr. Chairman, to be in order. I refer to Bills Nos. 382, 399, 401 and 407. In view of the statement that I made a few moments ago that persons who gave evidence in connection with these four cases were persons who gave evidence in connection with a case that has been thrown out, would he consider that it might be a good idea for him to look at evidence given by those persons?

Mr. Garson: Well, Mr. Chairman, I apprehend that the function of the Senate committee and of the House of Commons committee which have been set up for this purpose was to deal with this very question to which my hon. friend refers, and since they have been set up for that purpose I think the proper course for all hon. members is to leave that responsibility, at least in the first instance, with them.

Mr. Campbell: Mr. Chairman, I would just like to say a word about this. I would point out to the Minister of Justice that there is something in the neighbourhood of 400 of these bills. How can any committee of this house give the proper study to these bills and decide whether they should go through?

Mr. Fairey: Mr. Chairman, may I say a word about this matter. It seems to me we are getting far afield on this question. As a member of the miscellaneous private bills committee, and like several other hon. members who have spoken, I would like to remind the house that we are discussing these particular bills which have been before our committee and which have been recommended to this house for approval. It has been said we had no opportunity to study the evidence. That is not true. Every member received copies of the evidence in each of these cases, and if any particular hon. member did not read that evidence then it is his own fault. The fact is that every one of these bills came before us en bloc and they received unanimous consent of the miscellaneous private bills committee.

Mr. Nicholson: Would the hon. member permit a question?

Mr. Fairey: Yes.

Mr. Nicholson: Has the hon. member read all the evidence?

Mr. Fairey: Yes, that is exactly why I stand on my feet. I found out, as did every other hon. member, that I did not like the procedure, and I did not like the evidence I have had to read. I suspect there may be collusion in it. But the fact is that I have read the evidence and every member of the committee is supposed to have read the evidence, otherwise they should not have passed them unanimously in the miscellaneous private bills committee. That is all I have to say, Mr. Chairman. These bills are commended by a committee of this house. I am a member of that committee, I have voted for them in committee, and I shall vote for them now.

Mr. Regier: Mr. Chairman, I do not think we are so very far afield at all. We are asked to dissolve some 50 or so marriages. That is set out in clause 1 as I understand the clause, and the reason for the dissolution is the sworn evidence. I am not going back to the integrity of this sworn evidence again on

which we are asked to dissolve these marriages, but if I heard the hon. member for Victoria, B.C., correctly I understood him to make the statement, "I believe there is collusion in them." That is a most amazing statement for him to make, along with the admission that he voted for them.

Mr. Fairey: Mr. Chairman, I said "I suspected from the nature of the evidence there might be collusion."

Mr. Regier: In that case that puts a slightly different light on it. However, coming back to the integrity of this evidence, I notice that of the very few cases which have been contested—I think about half a dozen cases in all this winter have been contested—three cases have not made the grade, and it makes me begin to wonder, if these men and women with whom we are at present concerned had the wherewithal and contested these cases, how many would manage to make the grade through this house and through our committee.

I asked one of these attorneys concerned how much it would cost me to get the type of divorce with which we are now dealing. "Well," he said, "I will tell you. If it is an open and shut case, and if we have no arguments anywhere down the line, my minimum fee would be $1,250." I was horrified, and he turned to me and he said: "Well, we have to pay the government so much"—I forget the exact figure, but it was about $300-odd—"and then there is this fee and that fee." I said: "That is your minimum, $1,250?" And he said "yes" and he added, "That is $250 less than what most of my fellow lawyers are charging."

Now, imagine a husband or a wife in any one of these cases being served with a notice of divorce and facing a fee like that in order to contest it. In all likelihood the marriage has broken up in any case, and who wants to spend $1,000 to defend a broken home. These circumstances throw a great shadow of suspicion on all this evidence on the basis of which we are supposed to dissolve these marriages.

I have heard a rumour, in fact it is more than a rumour for I read an item in this regard in a newspaper some time ago, to the effect that there is a possibility of the other place being given sole authority to deal with these matters. I hope the government will never seriously accept such a suggestion because what has been revealed this winter should be enough to convince the government that that is not a solution. I cannot support these measures because I have lost all faith in the type of evidence which is being given to committees of this house or of the other place.

Mr. Drew: Mr. Chairman, I hope there will be a vote on this before six o'clock. I take the statement of the hon. member for Victoria, B.C., on his responsibility as a member of this house. He states that he suspects collusion. I therefore propose to vote against this, and I call for a recorded vote.

The Deputy Chairman: Is the house ready for the question?

Mr. Harris: Mr. Chairman, I must say that I have had some information this afternoon that I did not expect to obtain. I happen to be perhaps the only member of the house who has appeared before the Senate committee on divorce when Ontario was in a position in which some of the other provinces appear to be at the present time. I must say that my hon. friend's remarks on the charges being made lead me to think things have improved in that particular field.

Mr. Knowles: There has been a lot of inflation since then.

Mr. Harris: Yes, I suppose so, and a lot of good things have happened, at least under the Liberal government. But it does seem to me, if I may raise a point of order, Mr. Chairman, that the Leader of the Opposition and others who have spoken on the matter that you ruled out of order are perhaps suggesting something which might be considered by the house with respect to any responsibility we might have in the matter, such as suggested by the hon. member for Prince Albert, namely in the role of a Queen's proctor. It is at least a thought to bear in mind for future occasions and I think it could perhaps be debated if one felt so inclined on the estimates of the Minister of Justice.

Mr. Knowles: Well done.

Mr. Harris: Nevertheless, Mr. Chairman, may I call it six o'clock?

The Deputy Chairman: Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

The Acting Speaker (Mr. Applewhaite): The time allotted for private and public bills having expired, the house will resume consideration at eight o'clock of the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house again in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

84. Departmental administration, $3,333,583.

Mr. Low: Mr. Chairman, at five o'clock when we started discussing domestic affairs, particularly the type that often lead to action in the other place, I was saying something about causes and I believe I had asked what our cause is at the present time.

In his speech this afternoon I believe the minister outlined the cause fairly well. I had drafted my own speech before I had a chance to hear it, but I can say that we are much in agreement. However, I am going to say what I think our cause is.

Certainly the immediate part of it must be to put an end to communist subversion and aggression, because these things are evil things; unless they are stopped, there can be no peace or freedom left in the world. It is true that the communists in southeastern Asia, as in some other parts of the world, have succeeded in identifying communism with nationalism. They have succeeded in identifying communism, in the minds of inexperienced and unthinking people, even with humanitarianism. But that is in the same class with loving and making a lie. It is only an ostensible coat of good-looking paint applied to a destroyer of human beings and their souls.

Communist subversion and aggression have got to be stopped some time. That is why I feel that Mr. Dulles was right at least in proposing a southeastern Asia defence pact. He has been criticized for the way in which he did that, but I will say this: Perhaps he has made mistakes in some of his methods but at least his general proposal, in my judgment, was sound. In my judgment, also, a declaration now that the free world has called a halt to communist aggression and subversion should be made, and it should be embodied in a southeast Asia defence pact. If such a declaration were made by a united western world, joined by the free Asian countries, I am sure that it would strengthen French hands at Geneva, that it would stop the aggressors just as NATO has deterred aggression in western Europe and that it would give hope and encouragement to millions of people who live constantly in fear of this marching giant, communist aggression.

We sincerely hope that France will give the Indo-Chinese people satisfactory assurances of early independence and also assurances of sympathetic help to build up their economies and to protect themselves after they have won their independence. If that were done concurrently with the announcement of a southeastern Asia defence pact, it would be of inestimable value to the whole free world, in my opinion.

Some will criticize what I am now saying by declaring that it would involve the risk of having to send men into southeastern Asia. But I want to make it abundantly clear that I believe that unless Canada, the United States, Britain, France and other free countries, including India, Ceylon and Pakistan, are willing to send men into southeastern Asia and also adequate material with which to back them up, in my judgment there is grave danger that the whole of southeastern Asia will fall before communist aggression. I am further convinced that if a southeastern Asia defence pact is announced at an early date, and men and materials are made ready to halt communist aggression and further subversion on their part, there will be little or no need for any substantial loss of life or property in anything that might occur. In fact, I am satisfied that it would be an effective deterrent to all-out aggression.

What is going on in southeastern Asia today was encouraged, in my judgment, by what happened in Korea. Through United Nations failure to take decisive action in Korea, the communist aggressors have been invited to continue their encroachments and their subversions, step by step, from country to country. They knew that United Nations policy in Korea was one of limited war. They knew that the United Nations were determined that action should be confined strictly to the country in which the aggression had taken place. They learned very quickly that the United Nations Organization was too timid to strike at their accumulation of supplies and troops if those accumulations were kept just across or beyond the borders of the country where the aggression took place. As a consequence, month by month they have grown bolder and more determined to continue their aggression. I therefore say that what happened in Korea was an invitation to the communists to do whatever they pleased in any country that could be supplied from China and Russia. As a consequence, communist aggressors are advancing from post to post, using unlimited help from China and Russia. I suppose that most of us are asking ourselves this question: Where is it all going to end? Are the free nations going to let it go on, and lose to the

aggressor post after post and, with those posts, prestige and morale? What is next on the communist timetable? Is it Burma, Malaya, all of Asia? Then, fortified and strengthened with the sources of great strategic materials and unlimited men, will they then go after Europe in an all-out fashion?

It must be remembered that the communist countries are getting stronger through their aggression. That means that the remaining free world, taking it as a whole, must be getting weaker. I am convinced that Russia and China will not chance a full-scale war as long as they are growing stronger and we are growing steadily weaker. Why should they do so? I think we have come to the point where we should either get out of the countries of southeastern Asia and let the communists have them or we should put in enough strength to prevent further advances, while at the same time providing for the peoples there satisfactory assurances that their desires with respect to independence and security will be satisfied to the very best of our ability to satisfy them. I do not think it will be necessary to have an all-out war. But I think that the people of the western world and our Asian commonwealth brethren must come to realize that there is a great and pressing cause for which they must be prepared to fight if necessary, and to make secure by whatever sacrifies are necessary.

I should like to close on this note, Mr. Chairman. I want to commend the minister for his speech this afternoon. Judging by that part of it which I heard, I thought it was a good speech. I want to commend the minister for his timely and able defence at Geneva of the United States. We do not always see eye to eye with our neighbours to the south. We have had our differences. However, we have common cause with the United States. We know that, although she sometimes makes mistakes—and we must realize that we also make them—her aims and objectives are righteous. We must do everything we can to achieve unity with her and with the other nations of the western world who prize peace, security and the freedom of the peoples of all the world.

When it comes time, Mr. Chairman, I have some questions which I believe should be answered. After having given other hon. members the opportunity to make whatever contribution they wish to this debate, I should then like to have the chance to ask the minister some questions about things that have happened at Geneva.

[Mr. Low.]

Mr. McIvor: I have a question to ask the minister which he may answer when he speaks. But before I ask the question I should like to say that I am proud of the minister and the way he has conducted himself, both socially and as a statesman, while away from home. As a statesman he has been a credit to Canada. I have tried to read everything I could get hold of about his actions, and everything I have read has indicated to me that he has been a first-rate representative of Canada. As the hon. member who has just sat down said, I was mighty proud that the minister was able to stand up for the United States. They may not always be right and they are not all saints but they are our neighbours. I am glad to see the minister stand up and support them when they are right.

The minister has a terrific responsibility and it is your duty and mine to help him in the best way we can. I appreciate the fact that speakers on the opposition side all appear to be fighting for the same thing. I think that is a fine thing. I was proud to hear the minister say that aggression cannot be allowed, and I think there was a little hint of the golden rule in his closing remarks. If you get too far away from that you get into difficulties. It is an oft-quoted phrase that when truth is on the scaffold and wrong upon the throne God behind the scenes keeps watch above his own. The truth upon the scaffold will win. I know how the minister thinks and his thoughts are expressed in his actions. When we have such a man representing us at the United Nations or anywhere else we can feel secure.

There is one man over yonder for whom I have great admiration, Syngman Rhee, and I want to ask a question. Hon. members may not agree with me but I think Syngman Rhee has been one of the outstanding men in the fight against communism. However, there are a lot of things I do not know about him and that is why I want to ask my question. I wonder whether the minister knows of any co-operation between him and Chiang Kai-shek and whether there is any possibility of attack on China from that quarter.

Mr. Stewart (Winnipeg North): Mr. Chairman, I would be very interested in hearing the minister's candid answer to that last question. If he answered it as candidly as perhaps he might I wonder whether the hon. member who has just taken his seat would still be imbued with as much pride in the minister as he had when he started. This might be one of those diplomatic times when perhaps an answer should not be given. I thought that the most important part of the minister's speech this afternoon was that in

which he outlined four points of possible settlement of the future of east Asia. As he uttered the words I found myself tentatively in some agreement with him, but I should like to reserve my decision until I read the actual text. However, I would like to know whether what the minister said is an expression of policy on the part of the government or merely his own personal view at the moment.

But there was another sentence he uttered to which I found myself in strong opposition. I hope that I can quote it fairly and not too much out of context. The minister said that we have got to be clear on what we are trying to prevent. I think we have been abundantly clear through the years on what we have been trying to prevent, and because we have been trying to prevent something we have been pursuing a negative policy which in Asia is landing us in disaster. What we ought to be clear about is what we are trying to do, and what we are trying to do should be something vastly more constructive, vastly more positive, vastly more dynamic than what we are trying to prevent.

After all, what do the people of Asia want? They want freedom from the west. They want to be free nationally. They want to be their own masters so that they can create the social reforms which are so obviously needed in Asia, and if we are clear on what we are trying to do we should be supporting them and helping them in these aims and objectives. But all that we have been clear about is what we are trying to prevent. What we have been trying to prevent is communist expansion, and because we are trying to prevent it we have fought the communists on communism's own ground to our own detriment instead of fighting them on our ground, which is something positive and dynamic. If we can persuade the people of Asia that there is something worth while in our ethos and we support them by practical action then we are going to win Asia and the communists never can.

The minister also said that communist imperialism has been too successful in Asia. Of course it has been successful, and because of our own negative policies. He said too that we have got to accept the fact that the communists are working for control of southeast Asia and to some extent maintaining and achieving it, but if that is so I know of no greater indictment of western diplomacy. The western world has failed abysmally over the last few years to appreciate what was happening in Asia, and there is not one nation which is exempt from blame.

What we have refused to realize is that changes were taking place. Changes were taking place in front of our eyes but we blinded ourselves to them. After every war the status quo must change. In some places it may be destroyed thoroughly, in some others distorted, but there is going to be change and it is the better part of wisdom to face that fact. I have said in the past in the house that the power of ideas is an infinitely greater power than the power of bullets. The truth of that is seen most graphically today in Asia because there are ideas at work there. They are ideas which came from the west. They are ideas which are fermenting in the minds and brains of people and the greatest idea of all is the ideal of freedom.

Certainly the most important thing that was said during the war from the point of view of affecting the status quo was said by President Roosevelt. He gave rebirth to an idea, an idea as old as man himself, the idea that men should be free. He gave rebirth to that idea in the four freedoms. The people of the world heard him, the people of the world believed him and the world has changed but we are afraid of the change which has taken place. Colonial peoples are going to be free. We may think we can stop them, we may think we can slow them down, but they will be free and there is the end to it. The sooner we realize they are going to be free and support their aspirations the sooner shall we make friends of them.

The question is of course how far are we prepared to go in co-operation with these people to achieve the freedom which they desire and which we ourselves possess. There are those who fear revolution, but we ourselves, we in this parliament, are creatures of revolution. Whether our forefathers came from the United Kingdom, France or any other nation, we are still creatures of revolution. Perhaps there are some who prefer to forget it. Perhaps there are some who have forgotten it. But still it is a fact that our freedom today stems from the overthrow of a tyrannical monarchy and .governments which rejected democratic concepts. We are free because our ancestors fought and slew those who would have denied them freedom.

The same is true of the United States. The people of that country are also the children of revolution. Today they have as their founding father George Washington. He is the founding father of the United States because he led a successful revolution. Had he failed he would have been hanged by the neck as a traitor. Obviously, success is the difference between immortality and infamy. Now, men in other parts of the world are imbued with the same hope and wish for

freedom that we have. Are we going to deny them, dare we deny them it? That is another of the questions which we have got to answer.

It could be argued, of course, that the colonial peoples are not yet ready for self-government. It may be true, yet I doubt if our ancestors were ready for self-government and freedom when they obtained them. After all we do learn to govern ourselves by governing. We learn to do by doing. If we want to learn to swim, we do not learn by placing ourselves over a kitchen chair and wildly flailing our arms and legs in the air. We learn by going into the water. If we want to learn how to govern, we learn by governing, and no other way.

There is no argument in morality why people should not have the right to do that. Yet, there are those even in this country who for their own purposes, probably quite honestly, do not want to see these colonial peoples given their freedom. They do not want that because they see Asia as a fighting ground between communists and anti-communists, and nothing else. That sort of oversimplification does our cause no good, because although we might believe it the people of Asia do not; the people of Asia know much better.

In this morning's Montreal *Gazette* there was an editorial entitled, "Britain makes a Hard Decision". It is a really extraordinary statement, and I am going to quote two sentences from it. The first is:

> The prospect of entering into a military pact which would primarily help the French cause in Indo-China and thus make possible a full scale-war with China, is not a pleasant one for Britons to face.

How kind of the *Gazette* editor to realize this. How magnanimous of him to realize that war with China would not be a pleasant thing for Britons to face. Why would it not be pleasant? Because the British people know full well if there is a war with China the chances are there will be a war with Russia. The British suspect also that perhaps in certain quarters they are considered to be expendable; that they will provide the advance airfields for other people to use. If there is going to be a war on that scale, then the United Kingdom and the rest of Europe is going to be destroyed. The people in Europe are not prepared yet for that sort of nonsense, no matter what the editor of the *Gazette* may desire.

There are other aspects to the matter. There is the political one which I am sure will appeal to all of us in this house, because I am quite certain any British government that decides to support the French cause and take the risk of war with China is going to find itself out of power within a matter of hours. The British people are opposed to such a policy, as I suspect most other people in Europe are. After all, what is this French cause? Rightly or wrongly, in the minds of Asians it is the cause of colonialism. In our minds, the issue might not be so clearly cut, but in Asia that is what it means. There are those who talk, as I think the leader of the Social Credit party hinted, of localized wars, regional wars. They are taking a most fantastic risk. It is possible that war can be localized, but the chances of a conflagration are far too great to assume that risk.

There is another aspect to the British situation. If they were to get into this war in Indo-China, if they were to enter into a war with China, obviously it would mean the end of the commonwealth of nations as we know it now. Of this much I am certain. Great as is his gift of irony, I cannot see Sir Winston Churchill presiding over this final irony. It is for that reason I feel the British government will not accept the invitation of the editor of the *Gazette*. But there is another sentence in this editorial that is a really brutal distortion of history. It says:

> It is the same kind of decision that had to be made in 1939.

I say that is a brutal distortion of history. Fortunately, we have not yet arrived at 1984, but we can see with great clarity what could happen in 1984 if men like this were running the country. After all, what was the situation in 1939? We had seen Austria engulfed, but Austria did not lose her identity because the people of Austria rose up against their own government. The Austrian people were taken over and others were content to forget it because they felt there was some sort of kinship between Austrians and Germans. After all, did they not speak the same language? Then, there was the Sudeten. The people there did not rise against their oppressors in Prague. The Sudeten people were "rescued" by an aggressive enemy power that came in and within six months went further to take Prague and all Czechoslovakia. Only a few months later, in September, 1939, the Polish people did not rise against their own government, but the German armies marched in in the most aggressive sense of the word. Where then, is there a comparison between 1939 and 1954? It is only in the superheated brain of the man who wrote these words.

I say that is an editorial which is deliberately mischievous. I only hope it is not read by people outside Canada who might believe

for a moment that this is going to be Canadian policy. I am convinced that the people of Canada are not ready to go to war to rescue a colonial power from the follies it has committed; I think the people of Canada are right. Yet, there is not one of us who has not got a feeling of friendship and kinship, and today anxiety for France. We are close to that country. We wish to be close to what is after all the cultural leader of Europe. We have for France the greatest of admiration and friendship, but we are doing France no service and we are doing our own people a disservice if we refrain from saying these things which are honestly upon our minds. For once it appears that the logic of the French has misled them.

We know, and we do admire, the gallantry of those who fought at Dien Bien Phu. Yet need Dien Bien Phu have occurred at all had there been greater wisdom in French policy? And another question is on my mind. Is French concern in Indo-China completely divorced from concern for other areas much nearer continental France? Is that not one of the nubs of this whole situation? If France gets out of Indo-China, what then happens to Tunisia and Morocco? That is a situation which France must face, and face up to very shortly because the people in those areas also want their independence. They also want their freedom. They also want the right to say "we are going to govern ourselves," and France still refuses.

It is conceivable that there are people in this country, and even in the government, who see an advantage in France hanging on to these territories. After all, so long as France has Morocco and Tunisia—well, we will have air bases to use in the event of war. But if the people of these territories have decided that they are going to be free, we shall have no air bases; and, even although we subjugate them, we shall not be free to use those bases.

If we think only in terms of bases in north Africa, surely the obvious thing to do is to make friends of these people. The way for France to make friends with them is to say to them, "In a certain number of years we will give you your freedom and your independence, and during those years we would like to help you. We would like to train your civil service. We would like to train an administration so that it can take over." And then France can leave, with credit and glory; and France can leave friends behind her.

As it is, if France's policy is the same policy she pursued in Indo-China she will leave enemies behind her—and not only for France, but also for the western world. And the Arab bloc will have gained fresh allies.

But there are other aspects of the situation I would like to deal with. This afternoon my leader gave briefly some of the history of Indo-China. I want to bring the matter up to date, and particularly do I wish to refer to an idea given out this afternoon by the hon. member for Prince Albert. There is in many areas a desire to have a pact to restrain Mr. Dulles—I beg your pardon, I mean communist aggression in Asia. And apparently the hon. member for Prince Albert would like to see some sort of Asian counterpart of NATO—a southeast Asian treaty organization. He told us, of course, that it would not operate without Asian nations in it.

Obviously. But what Asian nations did he have in mind? That is a fair question to put to the hon. member. After all, it is quite possible that the Asian nations he has in mind might refer to Formosa—or it could be the Philippines, or it could be South Korea or all of them. These are Asian nations. But I do not think these are the Asian nations the hon. member for Prince Albert had in mind. Perhaps he had in mind India, and other countries of the Colombo group; at least I hope so.

But I submit this to him, that if we are going to wait for the Colombo nations to come into such a pact, we are going to wait long, long years, beyond the span of life of any member in this House of Commons. India, Pakistan, Ceylon, Indonesia, Burma—none of these will have anything to do with such a pact, and for a very good reason. The leader of the Social Credit party said we had to persuade these people to act with us in our great and pressing cause. They are not remotely interested in our great and pressing cause. For all that the people in Asia can see are great and powerful and wealthy nations—wealthy beyond avarice, nations which have something to defend, something to hang on to, something to protect.

But what does Asia have to defend? What do the Asians have to protect? They have a mortality rate whereby the expectancy of life is 27. They have poverty, illiteracy and disease. Is Asia going to fight for these things? No, Asia will fight only for a new social order; and that is the first and the most important thing in the world to Asians today. So why should they see our desire to protect our world as a great and pressing cause? The whole idea is absurd! Asia is going to improve the conditions of its own people before it considers protecting what we have, and what we have been so loath to give up in the past—no matter how noble our protestations have been.

Certainly, we have to fight against communism. But we are fighting for our goods and chattels. They too are fighting for something—for the right to live. And until they have achieved that right to live on the same basis that we have it they are not going to be interested in our power pacts in south-east Asia, or anywhere else. Asia will join us only when their circumstances are infinitely better than they are today; Asia will join us when they feel that they can trust us.

But the hon. member for Prince Albert also said that if the Geneva conference is unsuccessful Canada should join a pact in Asia to ensure peace. Well, what sort of a pact would this be? With whom would it be? I am quite sure that New Zealand and Australia would be more than chary about joining such a pact. As I said earlier, if the United States wants the Philippines and South Korea, it is welcome to them; but as an alliance it is not one which will strike terror to anybody's heart.

What would be the purpose of a treaty such as that? I think we should examine it as fairly and objectively as we can. Would its intention be to issue a stern warning? And if the situation got worse would its intention be to issue a graver warning? Well, we have had warnings issued ad nauseam almost every day recently. But would such a treaty have as its purpose direct intervention, the use of force, against Asian nations? I hope not, because then that would mean the scuttling of the United Nations.

But, if it does, what sort of intervention is needed in Indo-China today? General Leclerc of the French army has given his figure as 500,000 men. Is North America prepared to put anything like that number of men into Indo-China to try to win it back from the communists? Certainly not. And yet to recover Indo-China intervention on the most massive scale is the only thing which could be undertaken and immediately there would be retaliation which would mean intervention on a massive scale from the other side.

I agree that we and our allies should be constantly examining what is happening in Asia. But, as I said earlier, any Asian treaty is worse than hopeless without the Colombo nations in it. And while I cannot say that this is a matter of party policy, I state as strongly as I can that I would oppose such a treaty without these Asian nations in it.

I wish to ask the hon. member for Prince Albert a question, or if the leader of the Conservative party speaks tonight I would ask him if the Conservative party is prepared to enter into such an Asian pact against the express objections of the Colombo nations. And I would appreciate an answer to that question.

[Mr. Stewart (Winnipeg North).]

By all means let there be consultation; by all means let there be discussion. We know that there may be an answer to be found; but I doubt if we can go much farther than that. And now, let me say this. The western world today is frustrated, and the western world is nervous. It is frustrated because there is no clear leadership, because by the dominant partner in the western alliance there are day to day changes in policy, and statements of leaders, and statements of pseudo-leaders, and statements of would-be leaders which leave us completely confused, and not knowing what the situation really is. There is nervousness in the west because of this conflict in policy, and because we do not know what is going on.

The hon. member for Rosetown-Biggar read an editorial from the *Economist* which suggested that America's allies had more to fear as a result of American statements than had America's enemies. And that reminded me of what the Duke of Wellington said when he had a shipload of new recruits given to him during the Spanish war. He said, "Well, I don't know what effect they will have on the enemy but, by God, they terrify me". And there are times when I am in the same position with regard to American policies.

I have no idea what influence American statements will have on any potential enemy but I certainly feel nervous and confused. But of this I am completely certain, if the United States is determined to take military action in Indo-China to bolster up colonialism, then it goes it alone. The people of Canada will not accept such a policy.

The United States has told us about "massive retaliation" which ended in a monsoon in Indo-China. It has told us about its agonizing reappraisal, and perhaps, Mr. Chairman, that reappraisal has taken place. If it has, it may be a most significant one. That reappraisal has given United States two alternatives. She has to decide who are her allies. Are her allies in the world to be Chiang Kai-shek, Syngman Rhee, Bao Dai, or are her allies to be Canada, the United Kingdom and the rest of the free countries of the west? That surely should not be an agonizing reappraisal; but the Americans have to make up their minds which way they are going. I do not suggest for a moment that there is here a hopeless split; there is here no parting of the ways. I can only hope and I think that wise counsel will prevail over the interventionists; that cool minds will be listened to in preference to hot heads.

It is so difficult to see the situation clearly just now. There seems to be a lull, a quietness; but is it the lull before the storm, or is it the deathly sort of quietness which one

gets within the very heart and centre of the storm, or have we ridden it out and are we now sailing into smoother waters? I do not know. The next few weeks are going to tell and I can only hope that the commonsense of the American people will show them the peril of certain ways which conceivably they might travel.

Mr. Drew: Mr. Chairman, with a great deal that has been said in the committee today I think there will be general agreement. The Secretary of State for External Affairs has placed before us the broad problems confronting the conference at Geneva in a manner which I think will be regarded as a fair appraisal of the situation as it exists today.

I was very happy to hear the tribute he paid to Mr. Anthony Eden and the remark that he made that his patience and judgment did play such an important role in keeping alive the hopes of those who are still meeting at Geneva. It seemed to me that in summing up the situation the Secretary of State for External Affairs did lay down a proposition that unquestionably carries this government farther into acceptance of responsibility than it has yet gone at any time before. The exact words he used were: "We cannot accept the principle of collective security in one part of the world and reject it in another." If one will examine these words and their implication he will see that it is a statement of immense importance to hon. members, to the parliament of Canada and to the people of Canada generally.

Shortly after he had made that statement he made a statement that I think will find general acceptance, as well as some of the comments he made about the situation in Geneva. He said that no nation can be saved from communism unless it wants to be. That I think is a statement that cannot be challenged. However, I think we can go a great deal farther than that, because I do not know any nation yet that has wanted communism. That is something we should remember. Less than 2 per cent of the people of Russia were communists at the time of the Russian revolution. I doubt whether there has been a single country in the world where communism has taken power that 10 per cent of the people have been communists. There has been no single case where communism has come to power as an expression of the will of the people. There is no communist government in the world which can be regarded as the government the people of that country want.

While not in any way challenging the statement that no nation can be saved from communism unless it wants to be, I should like to emphasize the fact that many nations which have not wanted to be communist have become communist by force, by a threat of force and by treachery. The latter weapon is the weapon most employed by communists the world over. Undoubtedly the problem of those who are seeking to stem the tide of communism is very much greater in those countries where an understanding of the danger of communism is not already in their minds. We can see the difference in some of the countries of Asia and what happened in Malaya. It was not alone the stern discipline which was exercised by that very gallant soldier, General Templer, which dealt so effectively with communism in Malaya. There also was the fact that the people of Malaya did not want communism, had some idea of the danger and were ready to be rallied by those who sought to lead them against that evil force.

I must say, however, there is one other thought we should perhaps keep in mind. We have heard a great deal about the fact that under no circumstances must we do anything to preserve colonialism. Undoubtedly the world is moving forward. Undoubtedly great strides have been taken away from the kind of dependence that we describe as colonialism. I think, however, it would be wise for those who talk so loosely in those terms to ask themselves one question. Are they prepared to insist upon an immediate end, without any period of transition, of the colonialism under western powers, and by doing so create a vacuum into which the Soviet empire will immediately move?

Mr. Nicholson: It did not happen in India.

Mr. Drew: I just heard the interjection "They have in India".

Mr. Nicholson: It did not happen in India.

Mr. Drew: Well, then, I hear it better now: "It did not happen in India." Of course it did not happen in India because the situation was in no way parallel. What happened in India was a long process of the history of this commonwealth, and there is no single incident which offers more hope to those today than the transition by which step by step India advanced to full nationhood by the voluntary action of the government of Great Britain.

Mr. Nicholson: It took a Labour government to bring it about.

Mr. Drew: Mr. Chairman, we are talking about those nations which as yet have not had the opportunity to establish a form of government under which any organized resistance of their own could become a reality. Those of us who believe in the steady

movement toward freedom of nations should also bear in mind that under any impractical abandonment of such measure of organized direction as now exists, without something else being put in its place, we may well open the door to the vilest form of slavery this world has known.

An hon. Member: You said that before.

Mr. Drew: Yes, I have said that before, and may I say to my hon. friend of the C.C.F. party who just interjected, that I shall say it again on many occasions, because of all the vile forms of slavery this world has known I do not think there is anything to compare with the Godless communism which has been imposed by force upon nearly 800 million people in this world in comparatively recent years.

As I conceive it, and as I conceive the hope of those who have been discussing the problems of Asia, it is a hope that through the assistance of the democratic powers, and through the combined strength of those democratic powers, an opportunity may be offered to the countries of Asia, as to the countries of the rest of the world, to enjoy at some time, and as soon as may be possible in Divine Wisdom, that kind of freedom which has been our privilege in Canada and in every country that enjoys the same parliamentary system.

Why should any of us be reluctant to talk of collective action to preserve freedom? Was that not the whole concept of the charter of the United Nations signed at San Francisco in the spring of 1945? Every nation that signed that charter pledged itself to a common effort to assure to every nation in the world, strong or weak, the right to determine its own form of government and its own course by its own free choice. As we speak of the necessity for recognizing the right of freedom in Asia and in other parts of the world, the right which all of us certainly accept, let us never at any time talk of that right of freedom without remembering those nations now behind the iron curtain which also have the right of freedom at some time and under some plan which may become possible by the very terms of the charter of the United Nations which we all signed.

Do not let anyone suggest that Poland, the Ukraine, Roumania, Hungary, Bulgaria, Czechoslovakia, or any other country, including China, now under a communist government received that form of government except by the power, or threat of power, exercised by Moscow.

No one is suggesting that any sudden change in this tragic scene of slavery can take place, but never at any time should we forget that if our signatures and the signatures of all the free nations to the charter of the United Nations means anything at all, it means that we accepted the proposition that every nation had the right to choose its own course.

While some of these other nations are being discussed, and while Russia, China, and the other satellites are making their proposals, I think that the free nations should be making the proposal that under the supervision of the United Nations a vote be taken in those countries now under Russian dominance to see what kind of government they want. Before this satellite government in China tells us what should be done in any part of the world, before we accept advice from Russia at any time, surely it is our right and our duty to go back to that charter, signed in the spring of 1945, and point out the obligation that exists under that charter for such an opportunity to express their own opinion by the nations which now have communist governments enforced upon them.

This is not an original idea. This is not a new concept. This thought was carried forward from the days after the first world war. After that struggle votes were taken under the auspices of the league of nations and the result of those votes was interpreted in the subsequent recognition of the wish of the people as expressed by the ballot.

I leave that subject there, but while we talk so much about assuring freedom in many distant lands, and no one disagrees with the reminder of the need for that freedom, let us also keep in mind those ancient lands with centuries upon centuries of culture and civilization behind them which want freedom from communism as much as any people in the world. I would hope that the day will not be long distant when those proposals will be put before gatherings attended by Russia, by the satellite nations, and by those other nations which are so generous with their advice to us.

The Secretary of State for External Affairs, in speaking of those different world-wide associations which have emerged under the United Nations or in association with it, spoke of the commonwealth association. He said that it has played and can play a very valuable role. He expressed regret that India and other Asian members of the commonwealth had not been included in the conference. I think all of us will share that regret, and I think all of us would welcome the day with enthusiasm, and with great hope, when India and Pakistan, Ceylon and

other territories in Asia associated with us in this great partnership, join in these deliberations.

However, they are members of the United Nations, and in that organization the opportunity presents itself to exchange opinions with them and to bring them closer and closer in harmony with our own thoughts on world affairs.

I wish to direct the remainder of my remarks to that commonwealth association. Much has been said about the United Nations and about the North Atlantic Treaty Organization. We know the steps that are being taken to bring to reality the European defence community. The Secretary of State for External Affairs has spoken of the possibility of a new organization in Asia with powers and scope similar to those of the North Atlantic Treaty Organization. Each one of these efforts is in itself a forward step in those collective efforts which have done so much to bring closer together, in common action, the nations which desire peace and which, while desiring peace, also desire freedom for themselves and others.

As I listened to some of the comments about statements made in the United States, I could not help noticing how critical some people in this chamber are ready to be about statements made in the United States, and yet how little I have heard by way of criticism from the same source about things that are being said by Russia and by China at this time. Does any hon. member in this chamber suggest for one moment that the position of the United States and that of Russia are comparable in this world picture with which we are confronted today? There is not one thoughtful member of this committee who would even for a moment tolerate such a suggestion. We know the people of the United States too well—there are too many blood ties as well as an understanding of the broadest kind—for us to believe at any time that, with whatever power they might possess, the United States have any hope but that of peace.

It would be well for us to remember that if the United States ceases to be the central core of our great organization for defence, the main hope of achieving continuing peace in the world today will have disappeared. I do not believe for one moment we shall reach any such time. However, I do not think that anyone contributes to the advancement of the hope of peace by suggesting that anyone in the United States—whether we approve of their particular words or not—has any aspiration other than for the same kind of peace that we want here in Canada.

Some of those who are so free in their criticism of statements made in the United States might well subject their own statements to examination before they suggest that we should be too ready to have our position at any time tested by their words. Not one of these nations is perfect. No single nation in this western fellowship is without its faults, but at least we can say this: The people of the United States, to our knowledge, are just as anxious as we are to have peace. If at any time there is any discussion of the strength of their weapons and of how, in any dreadful circumstances, those weapons might be employed, it is only because we have come to learn that in this world we may be a long time waiting for a second chance if we are unprepared to defend ourselves against the declared aggressive plans of Russia and the satellite governments associated with Moscow.

We have spoken of these wider associations. Each one of them offers its hope. Mr. Chairman, I believe there is no single association in the world that offers us greater hope for the years ahead than does the commonwealth of nations, expressing a common loyalty to a similar parliamentary system and the rule of law. This is no mere sentimental expression of an ancient fellowship. Either this commonwealth is a reality or it is not. Either we believe in this commonwealth or we have abandoned our faith in an organization that has done more for the advancement of society in this world than has any other group of people in the long history of the human race.

We are inclined to boast about the thin and intangible ties that hold this commonwealth together. I suggest that we should not let those ties become too thin and too intangible. We are also inclined to speak about the fact that this relationship is undefinable. I think it would be well that we define it, not in rigid terms but in terms that we can understand. Whatever other definition there may be, I think we at least can say that this commonwealth represents the greatest experiment in international friendship that has yet been worked out by the genius of man. We have been advised that it is well to keep friendships in repair. I think it is wise to keep this particular form of international friendship in good repair at all times.

I thought that a former prime minister of New Zealand answered the questions that sometimes seem to creep into some people's minds, as well as it could be done. There are those who seem to feel that a definite acceptance of a real association within the commonwealth in some way suggests a

limitation of our field of sovereign independence as a nation. To that suggestion Peter Fraser, while he was prime minister of New Zealand, used these memorable words:

> Membership of the commonwealth is not independence with something taken away: it is independence with something added.

I do not believe the thought could be better expressed. As a completely sovereign nation, in no way subordinate in any manner to any other nation, nevertheless within this fellowship, by the very association we establish, we add something to the strength of our own freedom by this fellowship of people who respect the same institutions, the same traditions and the same concept of the right of the individual under well-stated and well-defined laws.

There are of course those who seem to think that in these wider associations, such as the United Nations, the North Atlantic Treaty Organization and other organizations of that kind, we have in effect thrown off something of this older fellowship We speak of it as though it was some mysterious entity that has no more substance than a Cheshire cat with nothing but the smile remaining. Let us examine it and see what it really means. Certainly no one who was in the great hall of Westminster almost a year ago now, at the time that more than a thousand representatives of fifty-five nations and other political bodies within the commonwealth met there in the presence of their Queen, will ever forget that memorable scene when in that ancient hall that enormous group of nations expressed their loyalty to the Queen and at the same time heard from that Queen her declaration of service to her people.

Fifty-five nations with one concept of freedom, fifty-five nations expressing common ideals, and then only a few days later in the coronation service the heads of those states walked into the abbey and saw the young Queen dedicate herself in that solemn service to the great cause of which we are all a part. Was that only pageantry? Was that merely something that attracted a great crowd to London a year ago or was that something real and lasting, something of great meaning to us and to the rest of mankind? I prefer to believe that this was the beginning of a new hope which may be fulfilled if we recognize all the opportunities presented by what was symbolized on that occasion. I say "hope" advisedly because we should not yet assume that we have achieved the things for which so many of us have been hoping and dreaming for so many years.

We are inclined to speak of the second Elizabethan era as though the mere fact that her name is Elizabeth would of necessity give to our Queen the same role in revivifying and revitalizing this great fellowship as fell to the lot of an earlier Elizabeth. I think it would be well for us to remember that when the first Elizabeth came to the throne it was in a time of poverty, of diminishing resources and of an economic blockade which threatened even starvation itself in the British Isles. It was not the mere arrival on the throne of a young queen that changed all that. It was the spirit of a people dedicated to a great cause.

The reason that from its early plight Britain assumed a new role and laid the foundations for this commonwealth within the reign of that first Elizabeth was that men and women of vision, boldness and daring were prepared to make decisions which resulted in the wider concept of freedom that has come down to us at this time. We will only know the full freedom of a second Elizabethan era if we are prepared to make bold decisions today and, with the same vision, the same broad prospects for the future, are prepared to go forward together with the possibilities of our own prosperity clearly before our eyes and at the same time the knowledge of what that can mean to all the rest of the world.

This is no simple task that we are called upon to undertake if in fact we do undertake it in the way we should. What a challenge it is to the spirit of every one of us. Just let us visualize the broad picture of what this means. We have heard of the millions in Asia. We have spoken of the hundreds of millions brought under communist domination. I think it is well for us to remember that in this commonwealth today, in this commonwealth represented by those who were in London a year ago, there are at this time 620 million people. That in itself gives some idea of the immense and almost limitless possibilities that are before us if we keep this partnership as a real adventure in friendship between nations with common traditions and common understanding of their past.

Let us look at the numbers embraced in that figure. India has 367 million people, Pakistan 80 million, the United Kingdom 51 million, Canada 15 million, the Union of South Africa 13,153,000, Australia 8,829,000, Ceylon 7,941,000, New Zealand 2,047,000, and in the other territories within this great fellowship there are 75 million people.

I do not think anyone will challenge the statement made earlier that in this great task before us nothing can be more important in the hope of stability in Asia than that we should gain the confidence and support of the government and people of India. When the Prime Minister left on his tour some time ago I expressed the warm support of

the members of this party, as did members of the other parties on this side of the house, for the purpose and concept of that trip. I believe that the Prime Minister performed a great service in India in expressing the friendship of Canada to that great nation associated with us in its new status, and I also believe that he accepted, in a manner that may have very far-reaching consequences, the opportunity to indicate our confidence in the people of the United States. Expressions such as he has placed before the government and people of India at that time can greatly help in broadening the basis of this wide understanding that we have.

Throughout the years, Canada, Australia, New Zealand and South Africa have all emerged as fully sovereign states. This evolution has at no time demanded the force of arms to attain the status we now hold. In the same steady process of evolution, India, Pakistan and Ceylon have now emerged with similar sovereign status, under the guidance of Westminster, with the blessing of Westminster and with assistance in drafting their constitutions and other details of that kind from those who have for so long been in the civil service at a time when the status of those nations was entirely different.

If there has seemed to be caution and delay on the part of the government of Great Britain about the steps it has been taking, we certainly must remember that never at any time is there absent from their mind the thought that has been expressed here today, that as we merge into the future it is of vital importance if it is within the realm of wisdom and human judgment to bring along that same body of Asiatic nations that have carried into Asia our parliamentary system and our concept of individual freedom. Every great human venture, Mr. Chairman, demands a conviction on the part of those who seek to make it a reality. It is not only in the spiritual field, but in the temporal field as well that there is at all times a deep longing in every human to be able to say with conviction, I believe.

In the temporal field in this great experiment in human advancement it is important that we be able to say with deep conviction: I believe in the advantages of this association; I believe in the future of the commonwealth for our own benefit and for the benefit of free people everywhere. This is not something in which we alone have a deep concern. Let us be quite certain that if by neglect this commonwealth of ours should fall asunder, then we would be talking in terms of meaningless hope if we declared our expectations that other nations could retain throughout the years ahead any effective association of some other kind. If these nations with their common concept of freedom, if these nations with their common traditions are unable to work together, then what hope can there be for an effective association of nations with no such common background behind them?

I would hope that as this loosely associated partnership of nations moves forward into the future—speaking not of five years ahead but of 50, 100 and 200 years ahead—we will also bear in mind that if our course is wise and if we do demonstrate the great advantage of this system, then we have every reason to expect there may be new additions to this fellowship. It is not long ago since Burma became a separate republic outside of the commonwealth. Still I say that in the years not too far distant, by the example we may set, Burma might seek re-entry into that commonwealth. Is it utterly beyond possibility that the example of effective co-operation of so many races, creeds, tongues and nationalities, might offer such an example that nations not at any time in the past associated with this fellowship might seek association in this historic partnership?

I would hope that it is not impossible that at some time in the future, because of the example given through this great association, southern Ireland or Eire, call it what you will, might re-enter this partnership with which it was once associated. Most certainly on our part, as I am sure on the part of every other section of the commonwealth, that re-entry would be welcomed with great warmth and enthusiasm. Then let us think of this great partnership in practical terms. We speak of stability in Asia. Where could we have greater hope of stability in Asia than in a powerful India, associated with us, associated with Pakistan, with Ceylon, with Australia, New Zealand and the other nations in that part of the world.

There are many of us here who have reason to know the great fighting qualities of Indian soldiers. There are men in this house tonight who have seen Indian troops in action, and who will never forget those magnificent men and the bravery they displayed. I am not mentioning that in warlike terms by any manner of means. Unfortunately, in this world in which we live we are called upon to think in terms of strength which will provide the opportunity for peace and freedom. As India gains increasing national strength, as India gains increasing prosperity with our help and with the help of other nations in the western world, we may hope that Indian strength will be the great bulwark of democracy in Asia; that Pakistan and Ceylon, side by side, will stand for that kind of

freedom, and that all those differences which today have emerged will be forgotten as other differences have been forgotten in the past.

Mr. Chairman, I have mentioned these things because I believe that this is a time for a great affirmation of faith in the future of the commonwealth on the part of those of us here in this house and in Canada, and throughout the commonwealth generally—a great affirmation of faith in a basic organization which itself can give strength to the efforts of the United States, to the United Nations, and to all those other organizations with which we are associated.

We all remember the ancient injunction: For if the trumpet give an uncertain sound, who then shall prepare himself to the battle? Let us leave no uncertainty about our convictions in this respect. And let us plan with the broad vision of our own advancing prosperity, with all the human and material resources we possess within this commonwealth; and at the same time let us think of what that will mean to other nations as well. But, above all, let any plans of that kind be great and embracing plans. Small, limited plans have nothing in them to stir the heart and soul of red-blooded men and women. Let us place before our people, with greater opportunities than were ever known in those earlier days, confident statements of our own faith and hope, such as stirred the spirit of the people in that first Elizabethan age.

And as I close these remarks, may I recall the words spoken by our Queen when she herself defined so simply the change that has taken place in this great fellowship, this loosely defined fellowship of sovereign nations of which we form a part. These were her words:

> The commonwealth bears no resemblance to the empire of the past. It is an entirely new conception—built on the highest qualities of the spirit of man: friendship, loyalty, and the desire of freedom and peace. To that new conception of an equal partnership of nations and races I shall give myself heart and soul every day of my life.

As we think of all that young Queen has done to fulfil that pledge within recent months, is it too much to suggest that each one of us will pledge himself to build on the highest qualities of the spirit of man: friendship, loyalty and the desire of freedom and peace; and that we, too, shall give ourselves, heart and soul, to that high ideal every day of our lives.

The Deputy Chairman: Shall the item carry? Does the Secretary of State for External Affairs wish to speak at this time?

[Mr. Drew.]

Mr. Pearson: Mr. Chairman, before this item carries it probably would be expected of me that I should deal with one or two of the points that have been raised in the general discussion following the statement I made this afternoon.

I should like first of all to refer to an observation made by the hon. member for Prince Albert, and repeated a few moments ago by the Leader of the Opposition, that in my statement this afternoon—and I quote from the words of the hon. member for Prince Albert—I went further in the commitment of Canada in its world responsibilities than this government had ever gone before.

At the time I heard those words I was somewhat at a loss to find that interpretation in anything I had said. But the Leader of the Opposition made the matter clearer for me when he related the statement of my hon. friend to the sentence I had used earlier as follows: "We cannot accept"—and I did use these words—"the principle of collective security in one part of the world, and reject it in another".

Well, Mr. Chairman, I would not like it to be thought that in using those words I have added any commitment of any kind to anything that this government has previously undertaken. And I do not, myself, see how any such commitment can be read into those words or, indeed, into any other words I used this afternoon. I am talking about specific commitments on the part of this government for action.

What I had in mind in that sentence, of course, was the point that we cannot accept the principle of collective security in relation to the Atlantic area, and then deny its validity in respect of some other part of the world. But, as I see it, that of course is not remotely the same thing as saying that, having accepted specific commitments in NATO, we should accept similar commitments ourselves in respect of other parts of the world.

I think that if this principle works well for us in the Atlantic area, then if it is carried out in the right way on the initiative of the Asian people themselves, and those most directly concerned with the area, it might work well in that other part of the world. But of course that is a very different thing from saying that we as a government, having accepted commitments in the North Atlantic Treaty Organization, should accept similar commitments in a southeast Asian treaty organization. And I would not like those words of mine to be interpreted in any other sense.

Indeed, Mr. Chairman, in the latter part of my observations I did give utterance to some cautionary observations in regard to the extension of Canada's commitments, her specific commitments, apart from our general commitments in the United Nations, which we recognize as extending to all the world. But I did express cautionary observations with regard to the extension of additional specific commitments to other areas. As I understood him, the hon. member for Prince Albert, however, made an interesting and, indeed, an important statement in regard to his view as to the desirability of the government's accepting additional commitments. He made this statement this afternoon:

—on behalf of the people of Canada he—

That is, the Secretary of State for External Affairs.

—should give notice that, in the event of the Geneva conference proving unsuccessful in settling the Indo-China problem Canada would join with other freedom-loving nations in a pact in Asia designed to assure peace to the same degree as peace has been assured in Europe through the instrumentality of the North Atlantic Treaty Organization.

And later on he came back to that point when he said:

The minister has shown that Canada has responsibilities for peace in all parts of the world, not only in the United Nations; we have to accept them in any Pacific pact that may be achieved, so that the other parts of our commonwealth—Australia, New Zealand, India, Pakistan and Ceylon —will know that Canada and the commonwealth will stand with the United States and thereby assure the maintenance of a solid wall against the advance of communism everywhere in the world.

Well, all I would say in regard to that, Mr. Chairman—and I was asked by the hon. member to state my view in regard to it—is that this government is not ready to take any such far-reaching additional specific commitment in respect of collective security at this time. But we remain ready to carry out our obligations of collective security under the United Nations charter in any part of the world at any time, along with the other members of the United Nations, and we accept and confirm the specific obligations that we already have under the North Atlantic Treaty Organization. As I said earlier this afternoon, Mr. Chairman, we would have to be, in our opinion, very careful, in view of our resources and our other commitments, in the extension of specific commitments beyond those which we have already undertaken. On that very point, Mr. Chairman, the advice which was given to the government in this house on May 20 by the hon. member for Esquimalt-Saanich is very much to the point, when he said—and I quote from *Hansard* at page 4916:

In closing, I repeat that we on this side of the house appreciate the difficulties confronting the minister—

That is the Minister of National Defence. I continue:

—and his department in these very uncertain times. We urge caution in accepting new commitments; we stress the importance of continued emphasis on the defence of the home front, the North American continent; we urge care in all expenditures.

Mr. Chairman, that, in so far as commitments are concerned, expresses the viewpoint to which I tried to give expression this afternoon. We urge caution in respect of the undertaking of new special commitments in any other area of the world than that of the north Atlantic area, to which we are already committed.

That, Mr. Chairman, as I have already said, is not the same as saying that we cannot accept the principle of collective security in one part of the world and reject it in another. I would be glad to stand by that statement, because if the North Atlantic Treaty Organization is working well in the defence of the Atlantic area against aggression, and if it has worked well as a deterrent against aggression, a southeast Asia security organization, which would include, as pointed out by more than one speaker, the Asian countries themselves and those other countries who have special commitments and special responsibilities for Asian territories, might well contribute, not only to the security but to the progress and indeed to the freedom of that part of the world.

I do not think that there were any other specific questions that were addressed to me this afternoon except possibly by the hon. member for Fort William. If he were in his seat I would like to thank him for the kind words he said about me, and I hope that my reply to his question will not interfere with our friendship because I do not think it is going to be the kind of answer that he might welcome. He asked me whether Mr. Syngman Rhee and Mr. Chiang Kai-shek were in close co-operation, and whether there was any chance of an attack on China from that co-operative source. Well, all I can say to the hon. member is that I know very little about the co-operation between Mr. Syngman Rhee and General Chiang Kai-shek, but I do understand there does exist such co-operation. I express my own view in saying that I hope that the co-operation will not result in an attack by those two governments on the mainland of China. I say that, not because I have any high regard for

the government on the mainland of China but because I think that that would be a rash and ill-advised action, even for the sake of overthrowing that government, if that were itself a desirable objective.

The hon. member for Winnipeg North did bring up a lot of interesting points and interesting questions in his speech. He was inclined to be critical about something I said this afternoon, in that I was negative and not positive enough; that while I emphasized that we must be clear, Mr. Chairman, on what we are trying to prevent, I said very little about what we are trying to do. If he will recall the context of those remarks when I talked about the desirability of clarity in respect of what we were trying to prevent, he will see I was thinking about the defence security, military security organizations, and not about the prevention of communism as a doctrine, as a social and economic doctrine. On more than one occasion in this house, and I did mention it in passing this afternoon, I have emphasized that it is far more important for the prevention of communism itself—I am not now referring merely to military aggression—to have a positive policy than merely a negative one. If he took anything from my remarks this afternoon indicating I had departed from that view I assure him that he was mistaken.

That, Mr. Chairman, is all I have to say at this time. No doubt other matters will come up in the consideration of other items of the estimates, and I shall be glad to do my best to deal with those questions as they arise.

Item agreed to.

87. Representation abroad—construction, acquisition or improvement of buildings, works, land, new equipment and furnishings, and to the extent that blocked funds are available for these expenditures to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,945,480.

Mr. Green: This item deals with construction, acquisition and improvement of buildings, works, lands and so on, abroad. There is a recommendation of the standing committee on external affairs which reads as follows:

> Your committee approves of the exploratory negotiations being carried on between the Department of External Affairs and the Department of Public Works concerning the liaison to be established between these departments as to the purchase of properties, the erection and maintenance of buildings occupied by the department.

That was discussed in the committee at the time the minister was abroad. It would be helpful if we could have his comments on the recommendation. As he knows, the present situation is that his own department, which is in no sense a building department, is carrying on most of this work; whereas in our governmental structure we have a Department of Public Works, which is now supposed to be much more efficient than it was before and thoroughly capable of handling all public construction. It does seem to me that this is one case where it could be called in.

We have had examples of tremendous sums of money being used for construction of buildings abroad. We have the situation in Rome where about $186,000 has been spent on a site in one of the most expensive portions of the city, and there are potential plans of the minister's department for the erection of an embassy to house one ambassador and his family costing $325,000, and equipment, furniture and so on for that same embassy to cost $75,000, making a total of about $600,000 for this one embassy.

I believe if the Department of Public Works were called in to do work of this kind the result might be a big saving for the taxpayers of Canada. The embassy in Rome is only one of several which are costing this country a great deal, and just in the last few days we have had a proposal made by one of the minister's representatives abroad, the consul general in New York, that private Canadians subscribe $100,000 apiece to build a Canada House in New York for a total cost of about $10 million, and that the hope is that the government will take that over and there is an assurance that it will not lose money.

There we have a plan which would mean that the Canadian government would be going into the office building business in a foreign country to the extent of $10 million and be subject to all the changes and economic conditions in that area. In the committee of external affairs the acting deputy minister, I think it was, intimated that they knew nothing about such a plan and in any event the government was not committed to it.

But we have suggestions being made and these construction projects always seem to be costing millions of dollars. We have another big building going up in Washington to house the Department of National Defence and defence construction and to accommodate 150 people. That office building is to cost $2 million when it is erected in a swank part of that city.

I would like to have the minister's comments on the policy of his department, particularly with regard to turning these construction jobs over to the Department of Public Works.

Mr. Pearson: Mr. Chairman, in reply to what the hon. gentleman has just said I would like to assure him and the house that

I welcome the discussions which are going on between the Department of External Affairs and Department of Public Works in regard to this matter, and I hope that as a result of these discussions the Department of Public Works will be able to take from our shoulders a greater share of the responsibility for the construction and maintenance of building projects.

That will depend, of course, on a good many considerations and whether it is desirable to do so in all cases. It may well be desirable and I hope it will be considered by the Department of Public Works to be desirable to do that in cities such as London, Paris, Rome, New York and Washington. It may not be equally desirable or feasible in some of the more remote capitals. Indeed I doubt whether the Department of Public Works would like to take on the responsibility for furnishing and maintaining some of our buildings in some of the Asian countries which are pretty far removed from Ottawa and where they have no knowledge of conditions on the spot.

I would assure the hon. member that we are pursuing these discussions and I would like to express my own hope that the Department of Public Works will be able to take a greater share of responsibility in this matter.

My hon. friend mentioned the building in Rome, but I would point out to him, and I have no doubt it has been pointed out in committee, that the amount of money invested in the property in Rome, which amounted to nearly $200,000 at one time, was earmarked for the construction not only of an embassy residence but also for the building of Canadian offices in Rome. That money was invested in the property a few years ago at a time when it was in our possession in the form of blocked lira and it seemed to us then, and still seems to us, to have been good business that, instead of keeping the money in the bank—we could not convert it into dollars—we should put it in land which is a better hedge against inflation than banks. I think our judgment has been vindicated in that respect because we have had a valuation of that property made recently and we have been assured that its value is now more than twice what it was when we bought it a few years ago.

Mr. Green: Then why not sell it?

Mr. Pearson: We may sell it, but it is good property on which to build and I am not sure whether it would be more economic to sell it and build at some other spot. However, I can assure my hon. friend that in whatever decision we may make in this regard we will have considerations of efficiency and economy in mind.

The hon. member also mentioned the situation in New York which is not, I think, exactly as he described it, because the government is not getting into the real estate business in New York in the manner in which I think he indicated. This was on the initiative of the consul general in New York and I think it was a very imaginative and useful suggestion for a co-operative building project in New York for what has been already termed a Canada House in which the government would rent space, as well as other Canadian businesses. In short, one building would cover all the Canadian offices and certain Canadian banks and agencies. That I think would be conducive to efficiency, not only as regards government offices but in relation to Canadian agencies as well. But the government itself is not responsible for that building. It is a co-operative venture in which the government may rent space. But on the hon. member's first point, I echo his hope that the Department of Public Works will be able to play a bigger part in the construction and maintenance program.

Mr. Green: First of all, Mr. Chairman, with regard to the proposed embassy in Rome, I think the situation is that the government bought this property for nearly $200,000 planning apparently to build an embassy and a chancellery, and then found that it was against the law to build a chancellery on that property. Therefore, it certainly did not show very good business judgment, and as far as the funds being in blocked lira is concerned, these funds could be used to enable Canadian students to study in Italy, and indeed I think some of them have been spent for that purpose. But it is not a very good excuse for lavish expenditure of government funds to say that because the money happens to be there in another currency it should therefore be used extravagantly to build such places.

As regards the building in New York, the minister said the government is co-operating, but apparently the government is involved in this plan, and I would like to know whether this co-operation consists merely of renting accommodation in buildings to be built by individuals, or whether the government is going to take over that building at $10 million, or whatever it will cost, in which event Canada will become a landlord of office accommodation in a city in a foreign country. If it is a nice thing to have a Canada House in New York I suppose it can be said that the same thing should be built in Chicago, or Seattle—

Mr. Abbott: They have one in London now.

Mr. Green: Yes, but I believe the Canada House in London was not erected for the

purpose of renting out accommodation to business people. I would like to know to what extent the department is co-operating in this program.

Mr. St. Laurent: Mr. Chairman, I think the Hon. Mr. Lawson spoke to me rather than to any other member of the government about this matter and I told him I could give him no commitment whatsoever, but that if there was a building well located, in which accommodation was available at an economic figure, I had no doubt that on such premises the government would be prepared to give consideration to making leases. But I told him I could make no commitment, and I was not going to ask my colleagues to make any commitments whatsoever. I was very guarded in all my conversations and in the two or three letters I exchanged with Mr. Lawson, because I do not feel that any prime minister, or any government, should make that kind of commitments at this time. I told him that if he had friends who thought that was a good thing to do then that would be all right, but I asked him not to say that they had offered options to the government in any statement he made, but merely to say they would be prepared to offer options to the government. I asked him to be particularly careful not to hold out any inducement whatsoever that this was a government-sponsored scheme. Personally, I thought that if he and like-minded Canadians felt that it was something they could undertake, that was all right.

As it was described to me it was something about which they did not expect to make any profit themselves but they did expect that profits would be realized and that those profits would be used to retire the senior securities. There was no suggestion that there would be any thought that the government would want to exercise an option until, as he said in the notes he showed me of the speech he intended to make, it could be turned over practically without cost. Here the scheme was for amortization over a period of several decades during which time it was suggested that the senior securities could be retired.

I was extremely careful, because I did not think that any government could make any commitment to a scheme of that kind in these days. If it turns out all right and there comes a time when most of the senior securities have been retired and those who have the junior securities have given a long-term option that is still in existence to take it over at what would have to be much less than its original cost, it might then be considered. But I do not think that a government in office can attempt to bind future generations as to what those future generations will do when it becomes their turn to have the responsibility of making decisions.

Mr. Green: As I understand it, it is a fundamental part of the plan that the government would take over this building. As I read it in the press, the plan is that while it will be put up in the meantime by individuals, eventually it is to be turned over to the government. The statement made I think indicated that the building would pay and that therefore the government would not lose any money. That is an entirely different thing from the government renting accommodation in a building of that type, a procedure with which nobody could quarrel. What I should like to know is whether the government is planning to enter into a scheme of this kind, either by way of accepting an option or in any other way which will lead eventually to the country paying for the building and becoming a landlord in New York.

Mr. St. Laurent: I told Mr. Lawson that I would not even put it before my colleagues. I told him that I could not give any undertaking or any commitment whatsoever and that I would not put it before my colleagues to make any commitment even as to what space they would take; that the promoters would have to take the risk of having desirable space and then offering it when it was available, and that if it was desirable and was competitive with respect to rent I felt that the government at that time, whoever might be in office, would be glad to consider entering into leases.

Mr. Diefenbaker: What was the scheme? Can the Prime Minister say what the scheme was? What did Mr. Lawson offer to the Prime Minister?

Mr. St. Laurent: Mr. Lawson told me that there were individuals who were prepared to take the risk of putting up a building. First of all he suggested that the government might be one of those who would promote a building there. I told him that I would not even recommend that to my colleagues. I said: If you have friends who think that a building would be a good thing and would not involve them in any loss, they will have to do it on their own without there being any kind of a commitment by the Canadian government.

I know that we have rented space in many different parts and that it would be more convenient to be housed under one roof. But I could not give him any undertaking that there would be leases but could only say that there might be leases if at the time

the premises were available, space was available at prices that seemed to be attractive to whoever happened to be in office at that time. I even told him that I would not even discuss the matter with my colleagues because we did not want in any way to become involved in the project. We cannot prevent them from saying, if they choose, that they are prepared to have a long-term outstanding option in favour of the government to purchase. But I was shown the notes of what he intended to say, and I asked him to make a change where he intended to say that options had been offered to the government. I said: No, you have not offered anything to the government. I am not the government and there has been no proposal submitted to the government. You can say, if you like, that your friends are prepared to offer an option to the government but I would ask you not to say that you have offered one because, in talking to me, you are not talking to the government.

The Deputy Chairman: Does the item carry?

Mr. Diefenbaker: Mr. Chairman, there was not an offer made by Mr. Lawson but what were the negotiations that he placed before the Prime Minister? What was the ultimate price to be? What basis of negotiation was placed before the Prime Minister, whether he was the government or not? Mr. Lawson wrote certain letters, apparently, and in them must have embodied something of his plan.

Mr. St. Laurent: I will show my hon. friend the letters and my answers. There were no negotiations. I did not want to go into any details at all. I did not want to go into the figures or to have any responsibility whatsoever for the project. I shall be glad to let my hon. friend see the file.

Mr. Diefenbaker: I would ask the minister what plans, if any, he or the department has for the opening up of other embassies. Is there any such plan in mind in any country other than those in which embassies have now been established or in which there are ministries?

Mr. Pearson: Yes, Mr. Chairman. As indicated to the committee on external affairs, plans and appropriations are being voted, I hope, for the opening up of new missions this year. I am not in a position to mention some of the countries because we are in the middle of negotiations with them now. I should be glad to tell my hon. friend in confidence but until we get those negotiations cleared I am not in a position to make public all of the countries in which we are going to open this year. We are converting a trade office in the Dominican republic into a branch office, if you like to call it that, of the embassy in Cuba; and in Haiti there will be a branch office of the embassy in Mexico. That is all I am in a position to announce at this time but there will be two or three more later in the year.

Mr. Knowles: Just on a question of privilege, Mr. Chairman, may I ask this question. I wonder whether we could not get along for the rest of the evening without the services of the page boys?

The Deputy Chairman: Shall the item carry?

Item agreed to.

90. Canadian representation at international conferences, $175,000.

Mr. Low: I want to refer to an article which appeared on the front page of the *Ensign*, a newspaper which enjoys quite a wide circulation in some parts of Canada. This article purports to be a dispatch from Geneva under the hand of a writer by the name of Bertrand. I have sent a copy of the article to the minister, and along with it I have sent a copy of some questions which I think it would be wise to have answered at this time in the committee.

I think perhaps we might ask the minister if he would be prepared to comment on the article using the ten questions I have sent him as a basis for his reply. I do not mean to say that he should be confined to these questions if he wishes to go beyond them or that he should answer them exactly as they are written or in that order. Since I formulated these questions for the purpose of bringing out the truth and no other purpose, I have decided that perhaps No. 5 might not be a proper question, and I will be perfectly satisfied if the minister chooses to disregard that one or to comment on it in some other fashion than answering it directly. If the minister will comment on the article with these questions in mind and put on the record the truth of the situation, I am quite sure that he can set at rest a good many minds that may be somewhat disturbed on reading the article for the first time.

Mr. Pearson: I have the article before me. My hon. friend was good enough to tell me that he was going to raise this matter. Indeed, he was good enough to send me a copy of the article and a copy of his ten questions which I now reduce to nine. The article is from the issue of the *Ensign* of May 29. It is headed, "Ronning appointment viewed with interest." I have read the article. I read it before the hon. member was good enough to send it to me. I can assure him that the facts are not as stated in

the article and that the deductions from those facts are both unfair and unwarranted. The first question the hon. member asked me is as follows:

Why was Chester Ronning selected as temporary leader to replace the hon. minister of external affairs when he was to be absent from the conference?

The reason is a very obvious one. Mr. Ronning was the senior member of the delegation and would automatically take my place when I left as acting leader. He was the senior member of the delegation because he is a senior official in our department with great knowledge and experience of Far Eastern affairs, and this was a conference dealing with Far Eastern affairs. The second question read:

Is it true that "one of Mr. Ronning's first acts was to seek out Chou En-lai, leader of the red Chinese delegation at Geneva?"

The answer to that question is no, it is not true. Therefore I do not need to deal with questions 3 and 4. The sixth question reads as follows:

Is there any truth to the Canadian Press report from London that "it is possible that there is some connection between the release of the last two Canadian missionaries and the conversations which took place between the Canadian delegation and the red Chinese delegation in Geneva"?

The answer to that question is that an informal discussion did take place in Geneva between a member of our delegation, Mr. Ronning, and a secretary of the Chinese delegation after we had first taken up the matter with the United Kingdom chargé d'affaires at Peking in the hope that by bringing to the attention of this particular Chinese communist official the plight of these Canadian missionaries who were still detained something might be done to bring about their release. It will be recalled that before I went to Geneva I was asked by more than one member of the house, including the Leader of the Opposition, if I would take advantage of any opportunity that might present itself to bring to the attention of the Chinese communist government that there were Canadians under detention and do what I could to secure their release.

It was in view of that advice, which was good advice, and I hope I would have undertaken it in any event, that we got in touch with a member of the Chinese communist delegation after ascertaining first through the representative of a state which had recognized the government of which this particular person was an official and not a delegate that this particular official would talk to our representative. It may be that the result of those talks is one of the reasons why certain releases of Canadian missionaries in China have taken place in the last few days.

Mr. MacInnis: May I ask the minister a question on that point? Does the article, which I have not seen, conclude that it was wrong for the—

Mr. Pearson: I will come to that point because one of the subsequent questions deals with it. The seventh question reads as follows:

Did the minister of external affairs speak to Mr. Trevelyan of the British foreign office last month about this matter?

Mr. Trevelyan is the United Kingdom chargé d'affaires in Peking, and no doubt the reason that question has been asked is that a Canadian Press dispatch which was quoted in the *Ensign* article is said to suggest that Canadian recognition of red China was under discussion and that for that reason I may have spoken to Mr. Trevelyan and tried to link the two things. I can assure my hon. friend I did speak to Mr. Trevelyan, the United Kingdom chargé d'affaires. I was very happy indeed to meet and discuss conditions in China with him and to thank him for all that he has done as United Kingdom chargé d'affaires to protect the interests of Canadians in China during these difficult months because it was through him and only through him at that time that we had access to the Chinese authorities after we withdrew our own representatives.

But it is quite untrue to suggest that I was using Mr. Trevelyan as a liaison officer or in any such capacity to bring up the possibility of even discussing the recognition of red China. I talked to him solely about what he had done for Canadians and expressed the hope that possibly at Geneva we might be able to get in touch through him with some Chinese official in the hope that we might secure the release of the remaining six Canadians who are under detention in China. I should like to think that possibly we have had some success in that matter. The eighth question is as follows:

Is it true that the two Canadian missionaries, Reverend Beauregard and Reverend Venadam, had already been freed by orders issued many weeks ago, and arrived at Hong Kong in the middle of May?

I am not sure of that. It may well have been, and I am not suggesting that because we did have these talks with a Chinese official through one of our officials that that could have in any way been responsible for the release of Canadian missionaries who arrived in Hong Kong before the conference opened. The ninth question also deals with

two missionaries whose fate I am not sure of at the moment. The tenth question is as follows:

Is there any truth whatsoever to this part of the *Ensign* article?

The answer, Mr. Chairman, is no.

Item agreed to.

General—

95. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to underdeveloped countries in an amount of $872,354 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1954, which is, $850,000.

Mr. Knowles: Item 95 is one of two or three items of the main estimates, together with an item or two in the supplementary estimates, that come under the general heading of economic aid. If I may say so, I feel that some of the most thrilling hours of the time we spent in the committee on external affairs were when we had Mr. Nik Cavell before us telling us the story of what is being done under the Colombo plan in the countries in southeast Asia which are participants in that plan. It does seem to me that it would be well worth while for members generally to read the evidence of the committee reporting Mr. Cavell's statement to us. As hon. members are aware, the committee not only recommended to the house the items in the estimates covering technical assistance under the Colombo plan and economic aid generally but also included in its report a paragraph on this general subject which reads as follows:

Your committee was impressed with the valuable work being done under the Colombo plan and is of the view that this aid is of considerable importance to help the growth of democracy and it also approves of the increase in the Canadian contribution to the United Nations program for technical assistance to underdeveloped countries.

It is obvious from the vein in which I have been speaking and it is well known from what all of us in this group have said on many occasions that we support wholeheartedly these programs of economic aid to underdeveloped countries. We support them because we think it is the right thing to do for the people of these countries. We also support these programs because we believe that it is a way of giving real and tangible aid to those who are trying to build democracy in other parts of the world. This is indeed a part of what my colleague the hon. member for Winnipeg North was speaking about earlier this evening when he urged that we be concerned as to what we are striving for in this world as well as what we are striving against.

Now, Mr. Chairman, because we are in full support of these amounts for economic aid I will not take the time of the committee to spell out that support. There is just this I should like to say. It seems to me that the impression has been created over the past year or two—and if I may say so with respect I think the Secretary of State for External Affairs has helped to create that impression—that we are doing all we can. The impression has been created that even if we were to vote more money the arrangements have not been set up to make use of that money; even if we were prepared to give more these other countries could not use it and are not ready to absorb such help as we might be prepared to give. If I have gathered the wrong impression I would be delighted to have it corrected. I think it is fair to say that impression has been created.

As a matter of fact it had been created to such an extent that some of the questions put to Mr. Cavell in the committee were based on that premise. The questions of some members of the committee started from the idea that we were doing all we could within the capacity of those countries to accept and make use of our aid. I noticed, however, that in response to some of the questions we put to Mr. Cavell he made it clear that the requests those countries make to us are made in the light of their knowledge of the amount of money we are prepared to put into these various plans. He told us also that the amount of help that could be used by way of capital aid in these countries was almost unlimited. I am sure that we in the committee all agreed with the basic principle he laid down, that was the principle that we must help them get on their own feet. We must provide training and capital assistance rather than relief and rather than relying on the notion that we, by ourselves, could rehabilitate that whole area.

Perhaps the reason I have risen to say these few words, Mr. Chairman, is in the hope that the Secretary of State for External Affairs may see fit to dispel that impression which I think has been created. If the fact is that the government feels we cannot yet appropriate more money, let it be said squarely that that is the case. But believing as I do that one of the things that can contribute most to the saving of the world from communism is the effort to build it up in terms of strong and indigenous democracy, I think that every dollar we can spend in this way is very well spent. The money that we spend on economic aid is a drop in the bucket compared to what we are called upon to spend for military preparations. I know the arguments that are thrown back when we make

these comparisons, but it does seem to me that for the good of these people, for the peace of the world and for our own good we could do a lot more yet in the way of technical assistance and economic aid generally.

The minister knows he has our wholehearted support in everything that is being done along this line. I hope he will agree with me that there is room yet for a great deal more that we could do, and that he will join with us in an appeal to our people generally to give support to all possible aid of this kind. Before I conclude, I may say that I was interested in the response the Secretary of State made to a question of mine which was on the order paper a few days ago. I asked for certain correspondence regarding Canadian aid to Korean relief. I thought there might be a dozen letters or a few more than that that would meet the terms of my motion. The minister said there were so many it would be a heavy task to copy them all. I thought that was quite significant, if there were that many groups and organizations in this country writing to the government urging that something be done by way of aid to Korean relief with Canadian wheat and other products. This suggests to me that the will of the Canadian people is clearly on the right side. They believe that along with whatever else we are doing we can make a real contribution to the peace of the world and to the benefit of mankind by doing all we can in this field of economic aid.

Mr. Nicholson: Before the item carries, I have one suggestion to make. I have just been reading the New York *Times* for Monday, May 24. There are two interesting pages telling about the sharing of technical knowledge in transforming the older sectors of the world. We have the figures showing what the United States expenditures are as compared with the United Nations expenditures. I would suggest that the minister use his good offices to try to get the United States to channel more of their expenditures through the United Nations. The comparable figures are as follows:

Area	Contributions in Millions U.N.	United States
Asian Pacific	12	120
Middle East	8	77
Africa	1	6
Latin America	9	45
Europe	3	20

In view of the fact that the United Nations is a new organization, I believe it is important that its good name should be protected throughout the various parts of the world. I am sure that the minister, in the light of the post he has held, could use his influence to try to get our neighbour to the south to increase their contributions to the United Nations so the United Nations specialized agencies might do more effective work.

Mr. Diefenbaker: I wonder whether the minister would give his considered opinion concerning assistance in the nature of surplus wheat and the like being granted to the Colombo plan. We hear it said so frequently, and I am in general agreement with it, that assistance of this kind is a bulwark against communism and that the main weapon of communism in Asia today is hunger. We have also read on one occasion where Mr. Hoffman said that if $400 million or $500 million in economic assistance had been given to China during the years 1944, 1945 and 1946, China might well not have fallen victim to aggressive communism. I should like the minister to clarify that situation.

One hears it argued that assistance of this kind by way of grants of surplus wheat and the like to make up the $25 million or a portion of it would not be acceptable to the eastern nations. Will the minister elucidate this, because I think it is the cause of a great deal of misunderstanding, and clarification would go a long way to meeting the requests of people in general.

Mr. Pearson: Mr. Chairman, in the first place I would like to echo what has already been said by the last three members who have spoken about the value of economic and material assistance, and encouragement as well as support for the Asian countries in the struggle they are making for a better life, and in the struggle against communism about which we talk so much. And that is the positive side of this effort to which reference was made earlier in the discussion.

In replying to what my hon. friend from Prince Albert has said, I think we ought to view with some hesitation the giving of wheat and consumer products of that kind to these countries, except in cases of need, starvation and famine. It might be of far greater importance to them, and certainly it would cause less interference in the normal conduct of international trade, if when we were giving assistance of that kind we were to give it to them in the form of financial assistance, and let them spend it where they desire.

But in so far as the sending of wheat is concerned—and that is the commodity which was mentioned by the hon. member—the Colombo plan is a co-operative device for capital and technical assistance. It was understood when the plan was drawn up, and it

is still understood, that only in exceptional circumstances will other forms of assistance be given under that plan.

It is true that we have made grants of wheat under the Colombo plan in India and, I think, possibly in one or two other countries—at the moment I am not quite sure which ones—but those were special circumstances. The wheat was requested by the governments concerned, and it was given under conditions which required the setting up of counterpart funds, so that the money which would be realized from the sale of the wheat—because it was sold to the countries in question—would be used for the purchase of materials and commodities which, in their turn, could be used in the capital assistance program.

So, in principle and in general, I think it would be well to confine our assistance under the Colombo plan to capital and technical assistance. That, indeed, is what the countries on the receiving end have asked.

Then, so far as the remarks of the hon. member for Winnipeg North Centre are concerned, of course we can always do more in any good cause. And that applies to the Colombo plan as it does to United Nations technical assistance and other forms of contributions to what I might call the international community chest.

But the Colombo plan is a continuing plan. At the present time it is a five-year plan to which we have pledged ourselves a contribution of $125 million, and some few millions for technical assistance. And I think that having regard to all the circumstances that was a reasonable amount for Canada to contribute for those five years. And I still think that if we had pledged five years ago a greater amount we would have had some difficulty in expending it efficiently, economically and productively. But the Colombo plan is a continuing program, as I say, and I hope that Canada will continue to play a very important part in the years ahead in carrying out that project.

Mr. Macdonnell: Is there any problem as to the method of rendering technical assistance? It has been suggested to me that sometimes the sending in of people from the outside does not work entirely smoothly. Would the minister say a word as to whether the trend now is to educate the people of the beneficiary country, or whether we send in technical people, or both.

Mr. Pearson: The answer is both. As my hon. friend has pointed out, the sending of technicians from western countries to Asian countries has not in all cases worked out successfully. Not only do the technicians have to be good ones, but they have to know how to get along with the people in the countries concerned. And occasionally in the early stages of these co-operative international assistance programs people were sent, not only from this country but from other countries, who might have been good technicians but perhaps were not always best qualified to co-operate with those at the other end.

But those difficulties were bound to occur, and most of them have been surmounted. The greater difficulty in that regard is the finding of technicians in countries like Canada and the United States—qualified technicians and scientists—who are available for assistance in those countries. Because they are the people who are most in demand in North America. Another important part of the technical assistance program has been to bring students from those countries to Canada and the United States to teach them the skills and techniques so that they can go back and do this work for themselves. One of the great difficulties in carrying out these co-operative programs is the absence of qualified nationals on the spot. And it will take some time to overcome that difficulty.

Mr. Macdonnell: From the huge sums that we know the United States is contributing in various ways, can the minister tell us roughly how much of those contributions go into similar work, and to what extent the problem in a country like India—where it must be huge—is being grappled with. Or is it just a small beginning in a problem which continues to be overwhelming?

Mr. Pearson: I am not quite sure if I understood my hon. friend's question.

Mr. Macdonnell: My question is as to what relative amounts are being used by the United States for similar purposes under the Colombo plan.

Mr. Pearson: I have not the figures available. But perhaps my hon. friend from Ottawa West, who has been directly connected with some of these programs, might be able to give information as to the relative amounts expended under the Colombo plan in a country like India. It will probably be found that the United States has spent more in the last four or five years in countries like India or Pakistan. But I believe it has already been indicated that the great proportion of the money spent by the United States was under their Point Four program, and not under schemes of United Nations technical assistance or co-operative schemes. I would guess that the amount of United States money spent

in India would be in excess of that which came from the Colombo plan. Indeed I am informed it is very much in excess.

Mr. Diefenbaker: The minister has mentioned the difficulties in connection with sending agricultural products as part of the contribution under the Colombo plan. Is it his considered opinion that the suggestions made by various farm organizations that assistance in this form—not by way of gifts, but actually by way of contributions under our allotment, or under the amount we intend to spend—would not be practicable? Would it be acceptable to India and other Asiatic countries?

Mr. McIlraith: Mr. Chairman, I hesitate to say much at this late hour on the subject. But I must say at once that I did appreciate the stand taken by the hon. member for Winnipeg North Centre in supporting the Colombo plan and its work, and the similar activities under other auspices.

It seems to me there is danger of two misconceptions in the minds of Canadians on this subject. One is the view that the mere addition of money would improve the situation. It is not as simple as that. What is required is, first of all, an appreciation of the problems, a sympathetic understanding of them and then help in such projects as require it.

When one considers the three Asiatic countries in the commonwealth who are in the Colombo plan it is rather extraordinary just how similar their problems are to some of the problems this country has come through in its history. It is not simply a matter of providing more money to each country and doing what is required; it is rather a problem of working out with them what particular phase of development work is required and then helping them to go forward with the development they are undertaking. It is a question of helping them with those projects that are designed to develop their own economy, and making a positive contribution to their own capacity to produce more for their people.

Mr. Macdonnell: Can the hon. member give us an illustration?

Mr. McIlraith: Yes. A good illustration is that in some parts of those countries the problem arises, curiously enough, from the same rivers causing flood damage and then drought occurring in the immediate area. That seems rather strange in North America, but that is the way it is. What is required there is assistance to them in constructing the dams to control the flooding and then taking electric power off, if that is feasible, and at the same time developing the irrigation works so that the land will be made productive. Incidentally, I hope some of our western friends will not misunderstand me if I say that it is just possible that some of our people could learn a little about irrigation from the East.

Mr. Knowles: Are you speaking to the members of the cabinet?

Mr. McIlraith: That is the type of problem that arises. It is a matter of assisting those projects.

Mr. Diefenbaker: You should whisper that to the Prime Minister and teach him something about irrigation. That would be a good place to start.

Mr. McIlraith: I am speaking of those projects about which the hon. member for Greenwood inquired. When the authorities there feel that they are able to undertake projects it is a matter of assisting them in the development of those projects.

There is a very good project going on in West Pakistan. The problem there in irrigation is that you must not put too much water in the soil, because if you raise the water table, curiously enough, you destroy the productivity of the land, because there is salt in the sub-soil and you bring the salt to the surface and nothing will grow. Therefore the irrigation must be done as a surface proposition rather than by raising the water table. Not only that, but when you construct the irrigation canals they must be lined; otherwise the water simply disappears in the canal and the whole flow of the river would disappear very quickly. Not only would it disappear and the water be lost but you would destroy the land by raising the salt when you raise the water table.

What we have done there is to create a cement plant in that area to provide cement for the construction of the dams for the control of the flooding and creation of electric power, to line the beds of the irrigation canals, and for the construction of houses in the land settlement scheme on the land that is made productive by reason of the irrigation.

Hon. members will see that for that particular project what was required was the cement facility. A different form of help is required in the different countries and for the different projects brought forward. I merely mentioned this one project by way of illustration because I thought it was a good one. A much smaller thing in Ceylon is the experimental work being done in the fishing

industry. By the way, anyone interested in technical assistance in that country might be pleased to know that we had an outstanding Canadian on that work. The west coast members can be very proud of him indeed. Incidentally, in Ceylon some very good work was being done for agriculture under the FAO organization. I had occasion to meet the representatives of that organization who were working in Ceylon.

In India there are of course many other projects. Perhaps it is not useful for me to illustrate them further. In picking out these individual projects I want to make it clear that I merely picked them out by way of illustration and not in an attempt to assess the importance of one over another.

There is another problem running all through this. We must remember that these countries have their new-found independence that has created some problems for them. For instance, Pakistan was created seven years ago this summer. You must remember that there was no civil service there. When you start a government afresh with no civil service, no government machinery or anything, there are very great difficulties in internal organization of the governmental machinery that tend to make it difficult for such countries to develop projects for assistance. Then you must remember that there are other difficulties such as the appalling shortage of engineers and mechanics. It varies from country to country, but it is being corrected.

It is just a week or two since the representative who is responsible for the Colombo plan administration in Ceylon was here. These men are here from time to time. The Colombo plan is now an effectively working piece of machinery to provide economic aid and technical assistance. I for one am particularly pleased that this year the Colombo plan meeting will be held in Canada. That is most fortunate. Most of the time it has been held in the countries that are receiving assistance.

I hope that as the years go on and as the Colombo plan proves itself and the technical assistance machinery generally improves there will be such increases in aid given by Canada as are required.

I must also say there is another facet of this whole subject. These so-called underdeveloped countries have something real to contribute to us under this Colombo plan. I will not go into that feature of the subject tonight, but from their great culture and background there is much for us to learn.

Mr. Diefenbaker: What we have just listened to was a very interesting recital, and one that I am sure the hon. member can speak about with an authority that few in the committee possess. I was most interested in his development of the technological side of the question but, Mr. Chairman, it did not answer the simple question that I asked. It covered a wide sphere of discussion which was most interesting and most revealing, but it did not answer the question I posed to the minister. A number of western farm organizations, and I think some eastern ones, have been impressing upon the government the fact that in the expenditure of this $25 million on the Colombo relief scheme the contribution should be made in the form of agricultural products, which could then be sold by the recipient countries and purchases of technological requirements made. What has the minister to say as to the practicality of the resolutions that these farm organizations have advanced as to means whereby part of our surpluses would not be given away as a gift, but would in fact provide a saleable opportunity in those countries of Asia and at the same time provide for the disposal of surpluses?

Mr. Pearson: Mr. Chairman, the answer to that question is that the Colombo plan provides for capital and technical assistance and not for consumer assistance, and the articles of the Colombo plan would have to be changed to take care of the question raised by my hon. friend. It is true, as I have said before, that wheat has been transferred to India under the Colombo plan. But that was to meet an emergency and at the request of the Indian government. Normally the receiving governments would not welcome assistance of that kind under the Colombo plan, even if the agreement signed to bring that plan into effect contained such a provision.

Item agreed to.

The Deputy Chairman: It seems to me we have been discussing item 101 as much as item 95. Shall item 101 carry?

Some hon. Members: Carried.

Item agreed to.

96. Contribution to the United Nations children's fund, $500,000.

Mr. Macdonnell: Mr. Chairman, on this item 96 I would like to have the minister's comments in regard to the children's fund.

Mr. Pearson: I can only say that this is, I think, one of the most useful and successful of the United Nations humanitarian projects.

It is a very effective one and it operates in a great many countries. We have continued to support it from its establishment.

Item agreed to.

North Atlantic Treaty Organization—

97. To provide, subject to the approval of the governor general in council and notwithstanding anything to the contrary in the Civil Service Act, for special administrative expenses, including payment of remuneration in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), $51,000.

Mr. Regier: I noticed the other day that this house established an annuity for, I believe, a leading agriculturist. Would it not be possible and more businesslike if we had a certain lump sum at one time and only at one time for each individual which would purchase an annuity? As I see it this appears to come up each year in the estimates. Is that correct?

Mr. Pearson: Yes, that is correct, Mr. Chairman, and that indeed may be a better method of dealing with the matter. This particular annuity was voted in 1949 to one of our representatives abroad who served for 20 or 30 years and in that way the matter has been handled each year. Certainly I think it will be much better in future if we could handle it in a lump sum manner as the hon. member has suggested.

Mr. Regier: The reason I raised this, Mr. Chairman, is that we are all looking for methods of speeding up the business of the house and I think that would be one way of doing so. There are lots of similar annuities in the different departments of government and I think they might well be handled in the fashion I have suggested.

Item agreed to.

The Deputy Chairman: As that completes the estimates for the Department of External Affairs, shall I report the resolutions and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Garson: Mr. Speaker, I move the adjournment of the house. On Monday business taken up will be first, supply motion; second, ways and means budget resolutions; third, the Bank of Canada Act; fourth, the savings banks in Quebec; fifth, superannuation in crown corporations; sixth, the Royal Canadian Mounted Police Act; seventh, the Opium and Narcotic Drug Act; and eighth, allowances for disabled persons.

Motion agreed to and the house adjourned at 10.57 p.m.

[The following items were passed in committee of supply]:

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

84. Departmental administration, $3,333,583.

85. Passport office administration, $256,649.

86. Representation abroad—operational—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $6,301,835.

87. Representation abroad—construction, acquisition or improvement of buildings, works, land, new equipment and furnishings, and to the extent that blocked funds are available for these expenditures to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,945,480.

88. To provide for official hospitality, $20,000.

89. To provide for relief of distressed Canadian citizens abroad and their dependents and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), $15,000.

90. Canadian representation at international conferences, $175,000.

91. Grant to the United Nations Association in Canada, $11,000.

92. Grant to the international committee of the Red Cross, $15,000.

93. To authorize and provide for the payment from foreign currencies owned by Canada and available only for governmental or other limited purposes, in France, The Netherlands and Italy, of fellowships and scholarships and travelling expenses to enable Canadians to study in those countries, and for payment to the Royal Society of Canada of amounts not to exceed $10,000 in all to meet travelling and other administrative costs incurred by the society for those it may designate to act on its behalf in selecting persons to receive fellowships and scholarships, $125,000.

B—General—

94. To provide for the Canadian government's assessment for membership in international and commonwealth organizations as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1954, which is, $2,893,012.

95. To provide for the Canadian government's contribution to the United Nations expanded program for technical assistance to under-developed countries in an amount of $872,354 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1954, which is, $850,000.

96. Contribution to the United Nations children's fund, $500,000.

North Atlantic Treaty Organization—

97. To provide, subject to the approval of the governor general in council and notwithstanding anything to the contrary in the Civil Service Act, for special administrative expenses, including payment of remuneration, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), $51,000.

International civil aviation organization—

98. To provide the international civil aviation organization with office accommodation at less than commercial rates, $200,218.

International joint commission—

99. Salaries and expenses of the commission, $95,500.

100. To provide for Canada's share of the expenses of studies, surveys and investigations of the international joint commission, $104,575.

Terminable services—

101. Colombo plan, $25,400,000.

102. To provide for the Canadian government's assessment for membership in the intergovernmental committee for European migration in an amount of $172,349 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of January, 1954, which is, $167,933.

103. To provide for a gift of Canadian fish for relief purposes in Korea, $300,000.

B—General—

648. To provide a further amount of $627,646 U.S. for the Canadian government's contribution to the United Nations expanded program for technical assistance to under-developed countries, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of April, 1954, which is, $615,878.

Terminable services—

649. To provide for the expenses incurred by Canada as host at the Ottawa conference of the consultative committee for co-operative economic development in south and south-east Asia (the Colombo plan), $121,000.

650. To provide for a grant by the Canadian government to the intergovernmental committee for European migration for the resettlement of refugees of European origin now in China, $50,000.

651. To provide for a grant by the Canadian government to the United Nations high commissioner for refugees for subsistence relief for refugees of European origin in China, $50,000.

HOUSE OF COMMONS

Monday, May 31, 1954

The house met at eleven o'clock.

QUESTIONS

MARITIME AIRWAYS COMPANIES APPLICATIONS

Mr. Bell:

1. Have any independent maritime airways companies made application to the federal transport commission in 1954? If so, what were the results?
2. Have any of the applications involved permission to transport commodities such as fish from the maritimes to central Canada?

Mr. Langlois (Gaspe):

1. Yes.

Decisions on applications:—(1) Application by Eastern Provincial Airways Limited, for authority to serve the additional points Nain, Black Tickle and St. Charles river under licence No. A.T.B. 466/50(NS) and for the discontinuance of the authority to serve Burlington, Western Arm, Grey island harbour and Porcupine, all in the province of Newfoundland.

Decisions:—Application approved. Date: January 22, 1954.

(2) Application by Maritime Central Airways, Ltd., for a licence to operate a class 1 scheduled commercial air service to transport persons, mails and/or goods, serving Moncton, New Brunswick, Goose Bay, Gander and Torbay, Newfoundland.

Decision:—Application for a class 1 service between Moncton and Goose Bay approved, and approval granted to operate a class 3 service between Goose Bay, Gander and Torbay.

Date: February 25, 1954.

(3) Application by Eastern Provincial Airways Limited for a licence to operate a class 3 irregular specific point commercial air service to transport persons, mails and/or goods from a base at Torbay, Newfoundland, serving: Cartwright, Rigolet, Nain, Makkovik, and Hopedale, via Goose Bay.

Decision:—Application amended and decision deferred.

Date: February 25, 1954.

(4) Application by Alton Brown MacDonald for a licence to operate a class 4 charter commercial air service to transport persons and/or goods between points within Canada from a base at Moncton, New Brunswick, using aircraft authorized to be operated by class 4 charter air carriers in group "C".

Decision:—Application approved. Date: March 2, 1954.

(5) (1) Application by Royal Cooper, proposing to carry on business under the firm name and style of New Brunswick Air Taxi, for a licence to operate a class 4 group "B" charter commercial air service to transport persons and/or goods between points within Canada, from a base at Moncton, New Brunswick.

Application withdrawn by applicant on March 2, 1954.

2. The permission given covered the transport of persons, mails and/or goods.

VONDA, SASK.—PROPERTY PURCHASED

Mr. Diefenbaker:

1. Have negotiations taken place during the last year between the vendor and the Royal Canadian Mounted Police for the purchase of lots 5, 6 and 7, of block 9, plan E.Q. 1 in the town of Vonda, Saskatchewan?
2. If so, what was the price asked for by the vendor and what is the present position of negotiations?
3. If purchase has been made, what was the price paid?
4. At what value is the property assessed by the town of Vonda?

Mr. Garson:

1. An offer of sale was received from Mr. Clotaire Denis, one of five persons who own the lots.

2. $13,500. Negotiations in abeyance because price considered excessive.

3. Answered by No. 2.

4. $1,950.

CANS FOR CHICKEN

Mr. MacLean:

1. What sizes of cans are permitted in Canada for the canning of chicken?
2. What sizes of cans of chicken are permitted entry into Canada from the United States?

Mr. McCubbin:

1. The regulations under the Live Stock and Live Stock Products Act relating to packing, grading and labelling of canned poultry applicable to products entering interprovincial trade are 7 and 16 ounces net weight.

2. Imported product is not subject to any requirement with respect to container size unless it enters into interprovincial trade in Canada in which case it is subject to the same regulations as cover canned product in the same class of trade.

Questions

SALE OF CANNED PORK

Mrs. Fairclough:

1. Who was the successful tenderer with respect to tenders called for government-owned canned pork, January 27, 1954?
2. At what price?
3. What quantity was thus disposed of?
4. What was the date of receipt of the successful tender?
5. What other tenders were received?
6. In accordance with the terms of tender, did the successful tenderer place a deposit of 5 per cent of the bid with the Bank of Montreal prior to 5:00 p.m., Monday, January 25?
7. Has the purchaser taken delivery and paid for the canned luncheon pork in full?
8. Has it been exported?
9. If so, (a) when; (b) to what country; (c) in what quantity?

Mr. McCubbin:

1. Canada Packers Limited, Toronto.

2. 16.65c. per pound, F.A.S. eastern Canadian shipping point.

3. 8,837,222 pounds.

4. January 25, 1954.

5. Tenders, accompanied by deposits, were received from Colossal Lines Ltd., Montreal, Joseph B. Schechter, Jr., Vancouver, Frank Blum & Sons, Pittsburgh.

6. Notification of the deposit was received verbally from the Bank of Montreal on the morning of January 26, prior to the consideration of tenders.

7. Final transfer of title of stocks is now being completed.

8. It was a condition of the tender that sales by the buyer were to be made off the North American continent. Beyond ensuring compliance with that provision, the government is not a party to sales made by the buyer and, therefore, is not in a position to give information with respect to such sales.

9. See answer to No. 8.

"CANADIAN ESKIMO ART"

Mr. Thatcher:

1. What was the total cost to the government of printing the publication "Canadian Eskimo Art"?
2. What was the purpose served by this publication?
3. How many copies have been sold at the specific price of 25 cents per copy?

Mr. Lesage:

1. The final cost of printing "Canadian Eskimo Art" has not been computed as publication has not yet been entirely completed. The cost estimated by the queen's printer is $1,202.15 for 10,000 copies.

2. This publication was primarily designed to bring to the attention of the public, both in Canada and abroad, the art of Canadian Eskimos. Canadian Eskimo art is receiving steadily greater national and international recognition and its sale is becoming an increasingly important part of the Eskimo economy; this publication was intended, in part, to assist in the program of marketing Eskimo art. Income earned by the Eskimos through the sale of their art will reduce the amount of financial assistance that might otherwise have to be given to them from public funds.

3. Printing of this publication has not been entirely completed and the queen's printer has not yet received stocks for sale. Already, however, orders totalling about 2,500 copies have been received. These will be sold at a price of 25 cents per copy, with the usual discount for quantity orders.

[Mr. McCubbin.]

MOTIONS FOR PAPERS

TELEVISION APPLICATION, HULL, QUE.

Mr. Gagnon:

For a copy of all correspondence exchanged between the Department of Transport or any agency under that department and the CKCH Hull Broadcasting Company Limited and the Canadian Marconi Corporation, in connection with a project for the installation of a television station for the Hull-Ottawa district.

Mr. Chevrier: Return tabled.

RESERVE ARMY—RECOMMENDATIONS

Mr. Diefenbaker:

For a copy of the report on and recommendations for improvements and changes in the Canadian reserve army made by a committee of senior officers to the Department of National Defence, between the months of November, 1953 and February, 1954.

Mr. Campney: Mr. Speaker, the report referred to in the hon. member's motion is a report made by three senior officers with respect to the Canadian reserve army. The three officers constituted a board appointed by the chief of the general staff with the concurrence of the Minister of National Defence (Mr. Claxton). The report was prepared following extensive studies and was made to the chief of the general staff in confidence to assist the department and the government in consideration of defence policy. I submit, and I think most hon. members will agree, that in such circumstances the document is not subject to production but is privileged. I might mention that the Minister of National Defence referred to this matter on May 21, when the estimates of our department were under consideration; and what he then indicated, I now only wish to confirm, namely that the government must oppose this motion.

Mr. Diefenbaker: Mr. Speaker, if I may speak to the motion, I suggest that this is not a motion for something that is privileged.

The attitude taken by the minister is to impose arbitrarily a blackout on information to which the house is entitled.

Mr. Speaker: I cannot allow debate on this motion. If a notice of motion for the production of papers is considered as not being allowable by the minister on the ground of public interest, or of being privileged because the documents referred to are confidential, no debate is allowed. See standing order 51.

Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it. Call in the members.

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Argue	Leboe
Blackmore	Lennard
Campbell	Low
Charlton	Macdonnell
Churchill	MacInnis
Coldwell	MacLean
Diefenbaker	McLeod
Dinsdale	Mitchell (London)
Drew	Nicholson
Ellis	Noseworthy
Gagnon	Pearkes
Green	Perron
Hamilton	Poulin
Harkness	Quelch
Hodgson	Regier
Howe (Wellington-Huron)	Shaw
Johnston (Bow River)	Thatcher
Jones	Thomas
Knight	Trainor
Knowles	Winch
	Yuill—41.

NAYS

Messrs:

Abbott	Campney
Anderson	Caron
Applewhaite	Carter
Ashbourne	Cavers
Balcom	Chevrier
Batten	Croll
Benidickson	Dechene
Bennett (Grey North)	Decore
Blanchette	Dickey
Boisvert	Dumas
Bourget	Enfield
Brown (Essex West)	Fairey
Buchanan	Fraser (St. John's East)
Gardiner	McIlraith
Garson	McIvor
Gauthier (Nickel Belt)	McMillan
Gauthier (Portneuf)	Mang
Gillis	Martin
Gour (Russell)	Michaud
Gourd (Chapleau)	Mitchell (Sudbury)
Habel	Pearson
Hanna	Philpott
Hardie	Pickersgill
Harris	Pommer
Harrison	Power (Quebec South)
Hellyer	Purdy
Hosking	Reinke
Houck	Richard (Ottawa East)
Huffman	Robichaud
Jutras	Robinson (Simcoe East)
Kirk (Antigonish-Guysborough)	Rouleau
	St. Laurent
Kirk (Shelburne-Yarmouth-Clare)	Schneider
	Simmons
Lafontaine	Stick
Langlois (Gaspe)	Stuart (Charlotte)
Lesage	Tucker
MacDougall	Weir
MacKenzie	Weselak
MacNaught	White (Waterloo South)
McCubbin	Wood—80.

83276—332

Mr. Goode: Mr. Speaker, because of the illness of the hon. member for Medicine Hat (Mr. Wylie) I did not vote.

Mr. Hahn: Mr. Speaker, because of the illness of the hon. member for Temiscouata (Mr. Pouliot) I did not vote.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1954 not exceeding $209,168,695 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1955; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that, except as expressly provided, the aggregate principal amount of securities outstanding at any time shall not exceed $234,623,695; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make loans to the said company secured by such securities and not exceeding $234,623,695 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the national system.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

Inquiries of the Ministry

TRADE

REFERENCE TO PRESS REPORT—PROPOSED UNITED STATES TARIFF CHANGES

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister and to ask him if he can amplify the information which has been given to the press and is contained in a statement in a Canadian Press dispatch that federal officials said today that if the curbs receive presidential approval Canada will have to consider some form of economic readjustment, possibly a withdrawal of tariff concessions equivalent in physical and psychological value to the United States restrictions imposed.

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. I know of no such information given by Canadian officials to the press. All I would care to say at this time is that the Canadian government is aware of the latest developments in Washington relating to commodities of interest to Canada. We are, of course, very much concerned about the possibility, although I would not say the probability, of any action being taken against our exports and I may say that the United States government is fully aware of our views. We have kept almost continuously in touch with the U.S. administration on these matters generally and have emphasized our attitude in cases directly involving our trade. I am confident that in arriving at his decisions the president will take into account the wider considerations involved, including the repercussions on friendly countries. I am sure that he will be anxious to avoid actions which would seriously affect the trade of Canada and other allied countries.

FERRY SERVICE

STEVESTON-GULF ISLANDS—CONTINUATION OF SERVICE

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, on Thursday, May 27, the hon. member for Esquimalt-Saanich (Mr. Pearkes) requested information regarding dock facilities at Steveston for Coast Ferries Limited operating between gulf islands and Steveston.

As my hon. friend is aware, this service followed the discontinuance of C.P.R. service which used a dock at Vancouver. Coast Ferries Limited without any permission whatever from the Department of Public Works took over the use of this dock which was constructed for the exclusive use of dredging operations in the lower Fraser river. The dock in question was constructed for that purpose alone and not for public use. Dredging equipment which will use this wharf includes two dredges, two tugs, pontoon lines and fuel barges. There can be no doubt that if the important dredging program in the lower Fraser river is to be carried out this dock must be reserved completely as a base for dredging operations and maintenance, the purpose for which it was intended.

For reasons given above, instructions have been issued that Coast Ferries must discontinue the use of this wharf with effect from midnight, June 25. This will provide the company with adequate time to review alternatives. In this connection it has been suggested that the manager of the company might like to come to Ottawa and discuss with the department various alternatives which might be utilized after the 25th of June.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I ask a supplementary question? There is a second government dock at Steveston, I believe. Could permission be granted to the company to use that other dock?

Mr. Bourget: According to the information I have, investigations are being made at the moment to see whether the facilities of this dock can be used by the ferry company.

[*Later:*]

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I have a question to ask the parliamentary assistant. I have written many dozens of letters to the department with regard to this ferry at Steveston. Why has not the hon. member for Burnaby-Richmond been told that the ferry can continue to use that wharf only until June 25? This is the first I have heard about it.

Mr. Knowles: Well, well!

GRAIN

UNITED STATES SELLING POLICY—ACTION BY CANADIAN GOVERNMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I have a further question to ask the Prime Minister arising out of the question asked by the Leader of the Opposition (Mr. Drew). Has the government made a strong protest against the attitude taken by the United States government in making provision for

the sale of oats and barley at from 10 cents to 15 cents below the domestic price in the United States? If so, what has been the reaction of the United States government to any protest?

Right Hon. L. S. St. Laurent (Prime Minister): The matter to which my hon. friend refers has been the subject of discussions between officials of the Department of Trade and Commerce and the representatives of the United States government. In the absence of the Minister of Trade and Commerce (Mr. Howe) on other official duties today, I would not care to go beyond saying that. I prefer to leave it to him to say what can be said at this moment about those discussions.

EXTERNAL AFFAIRS

GENEVA CONFERENCE—REQUEST FOR FURTHER REPORT ON PROGRESS

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether it would be possible, before the session closes, for him, or his parliamentary assistant or some other member of the government, to make another report on the progress made at Geneva?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, if there is an opportunity and if any progress has been made at Geneva since my last statement, I am sure I shall be glad to report to the house on it.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

SENATE REFORM

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I confess that I could not hear whether or not the motion has been put. I rise to follow the customary practice of availing myself at this time of the opportunity to deal with a subject which has been before this house on many earlier occasions.

I propose to move an amendment, and may I say that it is in a form which will not be open to the objection that it proposes the setting up of a committee which could not complete its task before the house rises. It is also not open to the objection that we seek to tie the hands of the government with regard to procedure in relation to something

which the party from which it is formed has been advocating for a great many years. I refer to the subject of Senate reform.

This is a subject that has been discussed on so many occasions that there is little need to argue for the purpose of convincing hon. members of this house that action is long overdue. I would point out, however, that for some time—in fact, for a long time—before this present government came to power, it was the declared intention of the party to which the members of this government and its supporters adhere to bring about a reform of the other house which would make it an effective part of our bicameral parliamentary system. When our parliamentary system was established the purpose of the Senate at that time was well defined. I need not repeat the various arguments that were presented on that occasion. They are before the members of this house. Obviously I need not argue to convince the members of the government or the supporters of the government that Senate reform is needed, because members of the government have for years been arguing in support of that proposition.

The predecessor of the present Prime Minister (Mr. St. Laurent) as leader of the party to which he belonged had pledged on many occasions that Senate reform would be one of the important acts which he would undertake. An indication of the fact that this was constantly before the minds of the government, both during the time that it was headed by the late Right Hon. William Lyon Mackenzie King as well as when headed by the Prime Minister, is to be found in the pages of *Hansard* and in a tremendous number of speeches outside the house. In fact there was a time when Senate reform seemed to be the main plank in the platform of the party which was then led by Mr. King. As an example of the various aspects of this problem which have come before the house, I refer to *Hansard* for 1926-27, volume 1, page 355. There I find the following under the heading "Senate reform":

> Mr. Evans:
> 1. What is the form or wording of the pledge, if any, taken from those who have been appointed senators during the last two years with a view to Senate reform?
> 2. How many have been thus pledged?
> Right Hon. Mr. Mackenzie King:
> 1. An assurance of support of such measure of Senate reform, in conformity with the requirements of the constitution, as may be introduced by the Liberal administration.
> 2. This assurance has been given by all who have accepted appointment to the Senate within the time mentioned.

By this question and answer it will be seen that so important was the subject in the mind of Mr. King that he followed the very

unusual practice of asking for a pledge in advance as to what course members to be appointed to the Senate would follow in relation to the subject of Senate reform. That very unusual practice, which in the ordinary course of events would certainly be open to challenge on the ground that it denied freedom of opinion as well as freedom of speech to the members of the Senate, surely emphasizes the tremendous importance attached to this subject by Mr. King and presumably by those who supported him at that time.

Then there is a very illuminating question and answer to be found in *Hansard* for 1940 at page 2322, volume III. It reads as follows:

Mr. Coldwell: I would ask the Prime Minister in view of the difficulty that has arisen, whether he will consider his long-promised reform of the Senate at the next session of parliament.

Mr. Mackenzie King: That is something I have been considering all my life.

That illuminating answer, Mr. Speaker, which is now part of the history of parliament, does suggest that perhaps the party to which Mr. King belonged should seek to fulfil his life-long dream. It would seem appropriate that the pledge so often made should be undertaken. Obviously this matter cannot be dealt with in the present session. For that reason it is not my purpose to move, as I have on earlier occasions, for the setting up of a constitutional convention, nor is it my purpose on this occasion to propose the setting up of a joint committee of the two houses as I have on other occasions. I do so only because of the fact that I recognize that it must be the responsibility of the government to decide which course it will follow.

On different occasions when we have made these proposals the government has evaded the issue on the ground that this is a responsibility they must accept, and of course they have given other grounds as well. The matter has come up at different times so I recognize that on some occasions it has been opposed for other reasons. I hope that no one will feel that there is any other reason for not supporting the motion at this time and in this case fulfilling the life-long dream of a former prime minister of Canada.

I specifically propose that this should not be regarded as a want of confidence motion. I specifically propose that this motion should be accepted by the government, as other motions have been, as an expression of opinion of the house that whatever steps the government deems advisable should now be taken to start the preliminary steps towards the fulfilment of this pledge which has been before us for so many years. I am sure that it is in the interests of all Canadians at this time that we should do everything we can to establish a feeling of confidence in the minds of the people of Canada that their parliamentary system is effective, is sound and is operating to the best advantage of the people of Canada.

After all, we have been told so often that the best answer to any propaganda on behalf of any other system is the efficiency of our own system. There may be some question about the efficiency of proceedings in this house. That, however, is something we are perfectly free to deal with and can deal with on other occasions as we have in the past. I doubt if there is an hon. member of the house, and I would hope there is not an hon. member of the other house, who will assert that the Senate as now constituted is capable of performing the functions for which it was originally intended. I hope that the members of this house have noticed that only within the past few days hon. members of the Senate have asked that they be given a greater opportunity to perform their responsibilities.

That indicates quite clearly that members of the other house are as concerned as we should be about the effectiveness of the parliamentary system which embraces both the House of Commons and the other house that is within these parliament buildings of Canada. I suggest that we should not disregard the fact that, amongst other considerations, questions arise as to the method of appointment, as to the tenure of office and as to the proportion of representation which will most effectively assure the original purpose.

Without quoting at any length the thoughts that were in the minds of those who brought about the system, I should like to quote certain words from a speech by Sir John Macdonald in the legislature in 1865, two years before confederation. It is to be found on page 35 of the reports of those deliberations. He said:

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

There are three great sections, having different interests, in this proposed confederation. We have western Canada, an agricultural country far away from the sea, and having the largest population who have agricultural interests principally to guard. We have lower Canada, with other and separate interests, and especially with institutions and laws which she jealously guards against absorption by any larger, more numerous, or stronger power. And we have the maritime provinces, having also different sectional interests of their own, having, from their position, classes and interests which we do not know in western Canada. Accordingly, in the upper house—the controlling and regulating, but not the initiating, branch (for we know that here as in England, to

the lower house will practically belong the initiation of matters of great public interest), in the house which has the sober second thought in legislation—it is provided that each of those great sections shall be represented equally.

It will be seen, Mr. Speaker, that those were considerations that were in the minds of those who were charged with the problem of drafting our constitution at that time. It was to be a house of sober second thought on legislation. One might wonder how much second thought has been evident in some legislation that has been before us. May I say without any reservation and with admiration for those who have done it, that there have been a few members of the other house who have demonstrated what that other house could do by their clear and critical analysis given to some of the legislation that has gone forward from this house. But even in the face of such able representations as have been made, may I say particularly by the Hon. T. A. Crerar in regard to the fundamental principles of the supremacy of parliament and the rule of law, the brevity of the debates that have taken place on these very important issues, following the presentation of clear and wise comment on legislation already dealt with, does raise the question as to how completely the other house is able, as at present constituted, to fulfil the extremely important tasks which were to be assigned to it.

Since the days when Sir John A. Macdonald made the remarks I have quoted, immense changes have taken place. There is a difference in the presentation, and there is a tremendous difference in the character of the country. No longer is it possible to speak of western Canada simply as an agricultural area; that is particularly true of British Columbia with its immense industrial development, as well as the other prairie provinces with their new resources. Nevertheless the principle he asserted is one which has been in the minds of those who have discussed this subject over the years, and most certainly the principle that it shall be a place for a sober re-examination of the legislation adopted in this house.

In fact, Mr. Speaker, unless the other house is to be a second chamber of review and reconsideration with a detachment that possibly might not be so easy in this house, for many reasons, then I suggest that we are paying a great deal for the form without having the reality. The mere fact that many men and women for whom all of us have the highest personal regard now occupy the seats in the other house is no answer to the demand that is being made in every part of Canada for the reform of the second house if it is to be an effective part of our parliamentary system. I, of course, feel sure we need make no argument on this side to support the lifelong dream of Mr. Mackenzie King and the pledge which has been the pledge of the party to which the Prime Minister (Mr. St. Laurent) and his government belong.

I shall read the resolution I propose to move, but before I do so, I repeat that it leaves to the government the responsibility for initiating whatever steps should be taken to start the proceedings so that at the beginning of the next session we may not have vague generalities about Senate reform, such as there have been in times gone by, but we may have some concrete proposals as to how we are going to tackle this subject. May I point out also before I move this resolution that I am not prepared, nor do I believe the members of this party or hon. members of the house generally are prepared, to consider abolition of the second chamber until we have had an opportunity to examine the possibility of real reform. I do say, however, that unless there is some step taken towards reform, the demand from the people of Canada will bring about the abolition of the Senate because the people of Canada find it very difficult to understand why it is necessary to pay the amount of money that is now being paid for the maintenance of the second chamber under conditions as they now exist.

This house saw fit to increase the amount of money received by the members of the Senate at the same time as the step was taken in this house over the opposition of many hon. members in regard to that move—

Mr. Nicholson: No opposition in the other place.

Mr. Drew: It is for us to speak about the house in which we sit. So far as this house was concerned, there was plenty of opposition, and vigorous opposition, to the step that was taken. There was also opposition to this being done in the case of the other house, particularly at a time when no steps had been taken to reform the other house to make it an effective part of our parliamentary system under our federal constitution.

I therefore move:

That all the words after "That" to the end of the question be deleted and the following substituted therefor:

"the government should give consideration to initiating the necessary consultation and inquiry respecting reform of the Senate so that all appropriate steps may be taken, including such matters as the method by which the members of the Senate should be chosen and their tenure of office so that the Senate may more effectively discharge the constitutional function it was intended to serve as an integral part of our parliamentary system."

Mr. Speaker: Perhaps I should point out to the Leader of the Opposition (Mr. Drew) that there is on the order paper a bill moved

by the hon. member for Hastings South (Mr. Follwell), Bill No. 354, an act to amend the British North America Acts, 1867 to 1952, with respect to tenure of place in the Senate. This bill would simply involve that part of the amendment which says, "and their tenure of office." There is still a chance to debate that bill now on the order paper. In any event, I am not making an issue of it. I am just informing the mover of this amendment that there is such a bill with respect to tenure of office on the order paper.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I rise to say something about this rather important amendment. I noted the Leader of the Opposition (Mr. Drew) said that it was introduced at this rather late date in the session in order that consideration could be given to it, and possibly a similar motion might be moved at the next session, at which time the house could consider it at length, and probably come to some understanding as to what steps would be taken by the government to bring about a reform of the other place.

Mr. Drew: I do not wish to interrupt the hon. member, but as a courtesy I would point out that what I said was that I expressed the hope that the government would be ready to come back and recommend to us the course we should follow.

Mr. Coldwell: Yes, I accept that suggestion —although the other may be what will have to be done.

As is well known, the group for whom I speak today believes that reform of the Senate should be much more drastic than the Leader of the Opposition has in mind, and that the reform should include the abolition of the Senate, taking into consideration the steps that have to be taken and the negotiations that have to be undertaken in order to bring this about.

And may I say that such reform is not unknown in our democratic parliaments across the world. In our own country we used to have second chambers in the provinces, but in all but one they have been abolished.

I hold in my hand the constitution of the Kingdom of Norway. When this matter has been up before I have often referred to this constitution. I was unaware that the matter was going to be brought up at this session; but it so happens that about six or eight months ago I obtained a couple of copies of the constitution of Norway.

There they have a single chamber; and I submit that we could study the constitution of that country with a view to adapting the provisions of that constitution regarding review and reconsideration which the Leader of the Opposition has said is the main function of the other place. The example given us in the constitution of Norway is one which is worthy of consideration.

This constitution, after indicating how the Storting shall be elected and set up, says this:

> The Storting shall nominate from among its members one-fourth to constitute the Lagting; the remaining three-fourths shall constitute the Odelsting. This nomination shall take place at the first ordinary Storting that assembles after a new general election, and thereafter the Lagting shall remain unchanged at all Stortings that meet after the same election, except in so far as any vacancy which may occur among its members has to be filled by special nomination.

That is, one-quarter of the newly elected parliament, as constituted by the Storting, forms itself into what amounts to a reviewing section or portion of the parliament of that country. Then it continues:

> Each Ting shall hold its meetings separately and nominate its own president and secretary. Neither of the Tings may hold a meeting unless at least one-half of its members are present. Bills concerning amendments of the constitution may not be dealt with unless at least two-thirds of the members of the Storting are present.

That is the machinery. Then let us take a look at what happens to bills introduced into the Norwegian parliament. It says:

> Every bill shall first be introduced in the Odelsting, either by one of its own members, or by the government through a member of the Council of State . . .

That is somewhat analogous to our governor in council.

The legislation then is introduced into the equivalent of our House of Commons, the lower house. It continues:

> If the bill is passed, it is sent to the Lagting, which either approves or rejects it, and in the latter case sends it back with comments appended. These are taken into consideration by the Odelsting, which either lets the bill fall or again sends it to the Lagting, with or without alteration.

That follows very closely the present situation in Great Britain, where the House of Lords once had complete veto of legislation passed by the House of Commons. But since 1911, when the parliament bill was introduced in that country by Mr. Asquith, the powers of the House of Lords have been limited, so that a bill passed twice by the House of Commons, on the third occasion on which it goes to the House of Lords, must be automatically adopted. Here, at least in theory, the Senate has a complete veto. If the other chamber wishes, it can reject any legislation, except money bills, forwarded to it from this House of Commons.

I submit that is not democratic procedure. There is no direct responsibility to the people by members in the other place. And to have that power, one which 43 years ago was

taken away from the House of Lords in the mother of parliaments, means that we have a situation in this country which is archaic and entirely out of line with our democratic conceptions.

Then, may I proceed by reading further from the constitution of Norway, where it deals with procedure in connection with bills. It says:

When a bill from the Odelsting has twice been laid before the Lagting and has been a second time rejected by it, the whole Storting shall meet in joint session, and the bill is then disposed of by a majority of two-thirds of the votes.

Between each of these deliberations there shall be an interval of at least three days.

While that may appear to be a very short interval, it is sufficient because they meet in common session to come to a conclusion regarding it. To continue:

When a bill passed by the Odelsting has been approved by the Lagting or by the Storting in joint session, it shall be sent to the King, with a request that it may receive the King's assent.

And automatically that assent is given, as is shown by an earlier reading of the Norwegian constitution.

Here we have a modern democracy with one elected chamber divided into two parts, the second part doing the review and reconsideration which the Leader of the Opposition said this afternoon was the main function of the Senate of Canada.

And may I remind the house, and the Leader of the Opposition, that reform of the other place was, I believe, in the Liberal program adopted in the year 1919. Certainly it can be found in other programs of that party. As the Leader of the Opposition has said, from time to time members in the House of Commons have asked the government representing the Liberal party in power when this reform of the Senate was to be proceeded with. We have always had the same kind of reply.

I remember one occasion in 1925, 1926 or 1927—some time in the twenties—when the late Miss Agnes Macphail asked Mr. King when he was going to begin Senate reform, and Mr. King gave a reply which in some respects was not dissimilar to the one quoted this morning by the Leader of the Opposition. On that occasion, expressing some surprise, he said, "Well, I am reforming the Senate. As the Tory senators die I am appointing good Liberals in their places." We have now got to the stage where we have almost a single-party chamber in the other place. I believe there are today seven members of the official opposition in the other chamber. I do not say this with any disrespect to these gentlemen, but they are all well on in years now and two of them I am told are in very poor health indeed. I am told that one or two of them may be taken from us at any time. Well, the situation is bad in every respect, because whenever there is a vacancy in the Senate there is a hopeful expression on some faces on the opposite side of the house, and they wonder who will be appointed to take the place of the deceased member of the other place.

Only the other day the voluntary health committee of parliament had an address from Dr. Segal, Montreal, on longevity. Someone suggested that longevity for members of parliament would be quite readily secured if they were appointed to the Senate. That seems to have been somewhat confirmed when you look over the gentlemen who sit there. I am not saying anything disrespectful to hon. members of the Senate. There are very able and very good people in the other chamber, and I want that clearly understood. But in these days, when we speak of democracy, when we speak of our democratic institutions and when we speak of responsibility to the people of Canada, how can we continue to approve of a chamber unrepresentative as far as elections are concerned, but equally unrepresentative of the various schools of thought in this country. Please bear in mind I am not making a plea for the appointment of any C.C.F. members to the other place. I say that because we believe that the Senate should be abolished. I want to make that perfectly clear; but it is quite unrepresentative of the various trends of thought politically in this country, and as such it is, it seems to me, entirely out of line with all our democratic institutions.

Someone asked, what could we do about divorce if it were not for the Senate? Well, I think that will have to be tackled apart from what we may do regarding the other place because of some of the cases that have been before the Senate committee and have slipped through this house lately. This is a reflection both on the other place, on this House of Commons and on parliament generally, so that should be no argument for continuing the present unrepresentative other house.

I should like to move an amendment, Mr. Speaker. I had only just a moment to look it over, but I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by deleting therefrom all the words after the word "respecting" and by substituting therefor the following words:

"the steps to be taken to secure the abolition of the Senate."

Suggested Senate Reform

The amendment, as amended, would read:

The government should give consideration to initiating the necessary consultation and inquiry respecting the steps to be taken to secure the abolition of the Senate.

I think I have said about all I want to say on the matter; but let no one say that there are no alternatives to our bicameral system. There is in the Kingdom of Norway an elective single chamber, which is divided, as it were, into a bicameral system. It is working well there, and anyone who is familiar with the Scandinavian countries knows that there are no more democratic and progressive peoples than the peoples of the Scandinavian countries. In this constitution of Norway the Norwegians give us an indication of how a reviewing and reconsidering chamber can be set up which will do all that the Senate of Canada does and be directly responsible to the people.

I am not going into the question of saving the country a great deal of money, but that is a factor that should be reconsidered. Unquestionably, the time has come when a drastic review of the Senate, in my opinion, can only be carried out thoroughly by the abolition of the Senate of Canada, and the study of reconsideration and review of legislation somewhat along similar lines adopted by the very democratic and progressive Kingdom of Norway.

Mr. Solon E. Low (Peace River): Mr. Speaker, there is not a great deal that one can say at a time like this without some rather intensive preparation, and I must say that I did not have the opportunity to do that. However, there are a few comments I should like to make, especially since the C.C.F. have introduced an amendment to the amendment which was moved by the Leader of the Opposition (Mr. Drew).

There is no doubt at all that the Senate has declined in popularity in Canada over the years. In the minds of the people they do not occupy the same position that they held years ago when this country was new and when our federal form of government was first introduced. The question of what has caused the decline should occupy our attention. Some hold that the Senate needs reforming because the Senate itself has gone bad. Other people have different views. I have given considerable thought to the question. In my mind the question is this: Is reform of the Senate the important necessity, or is reform of the government's attitude toward the Senate what is necessary? I am not so sure that the Senate itself is in need of such reform as that the government needs to change its views with regard to the work that should be given the Senate today. At least that is one of the big considerations in this whole matter.

When Canada first adopted the bicameral system it was thought that the Senate would fit into the federal constitution, particularly as the champion of provincial rights, and for a time the Senate did fill that function, and filled it well. It filled the function of a brake on hasty legislation so long as the complexion of the Senate was somewhat different from the complexion of the House of Commons. In these latter years of course the complexion of the Senate has become exactly that of the House of Commons, and it has remained so for quite a number of years. As a consequence, many people feel that the Senate cannot fulfil a real and useful function.

Well, let us look at this question of the use which is made of it. The Senate is prepared to undertake whatever work it can do. It has already been said we have accumulated in that house a great deal of experience, men of real stature, broad experience and good minds—and women of course. Now, why accumulate that experience and that ability in a second chamber if it is not being used properly? I hope I am not attempting to cast any reflection on the senators, indeed that is not my intention; but if we look at this thing realistically we will see that as long as the senators are given menial political tasks to do they are going to continue to decline in popularity and in the support of the people.

For example, it is far beneath the dignity of a senator, and far beneath what he should be given to do, to have him go through a constituency of this country doing the footwork of a political page boy, rounding up political support to unseat a member of this house simply because that member does not belong to the party which supports the government.

I am speaking from experience. One of them did that in my own constituency. But I do not care about that. From my own point of view, if he had stayed longer I would simply have had a bigger majority. But the point is that he was there, a member of the Senate, evidently sent by the party to whom he felt he owed allegiance, to do the menial political tasks which should be done by someone completely detached from the Senate.

As long as that sort of thing is the kind of work the government gives to senators they will continue to decline in popularity until the people of this country will demand that the Senate be abolished.

I personally believe there is a very useful function which the Senate can fill in a federal state. The leader of the C.C.F. has mentioned what is taking place in Norway. But Norway is a unitary state and there is not the problem of protecting provincial rights.

Mr. Coldwell: But the revisal committee could represent and protect the provinces in the same way.

Mr. Low: I suppose that could be done, but at least until we have built up something like a different political concept in its application to the federal system by the safeguarding of provincial rights I think the Senate can continue to perform a very useful function, in addition to being a check on hasty legislation. But that certainly cannot be as long as our present attitude continues toward it, and I am going to ask again why the government does not give the Senate royal commission work to do.

They are perfectly fitted to do that type of work. We in parliament decide to set up commissions and we get judges and others to go about the country carrying on investigations and making reports. "Well," someone might say, "but they are not political." But I would point out that the judges are all appointed by the government in exactly the same way as the senators, and I think senators can be just as detached from political considerations as judges, provided the commissions composed of senators are set up in the proper way and given the proper work to do.

There is a lot of royal commission and investigatory work which could be carried on by the Senate if the government would give it the work to do.

I could not support the subamendment to abolish the Senate. I think it is a wise precaution to have a second chamber in our country and I would like to see it continue. But I would certainly like to see a change in the government's attitude to it; and further I must say I support the idea, as called for in the amendment moved by the Leader of the Opposition (Mr. Drew), to institute the necessary consultation and inquiry respecting the reform of the Senate to see what can be done, though I do not think the emphasis requires to be placed so much on reforming the Senate as on reforming the government's attitude toward the Senate.

I believe that if we do it the right way we can raise the second chamber in the estimation of the people by giving it useful work to do, so that it may prove itself a useful body.

Suggested Senate Reform

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I would like to make a few brief comments. I am sure there are many people like myself who feel disturbed to hear the constant slighting and even contemptuous remarks about the Senate. Very often people speak as though the only useful thing to be done with it is to abolish it.

I notice the hon. member for Rosetown-Biggar (Mr. Coldwell) suggested that, and I am entirely in disagreement with him. I did not realize until this morning that the word "reform" was capable of the meaning which the hon. member for Rosetown-Biggar ascribed to it, but I am learning something because, knowing the hon. member to be a scholastic man, I was cautious enough to consult the dictionary and I found that the word "reform" does include among other meanings 'abolish'.

Mr. Speaker: Order. I am very sorry to interrupt the hon. member but I am very much interested in that point and I wonder if he has the same dictionary as I, because according to my dictionary the word "reform" does not include "abolish". If you want to reform the church then you need not necessarily abolish the church, and I was going to say, perhaps later on, that abolishing the Senate and reforming the Senate are two different subjects.

Mr. Macdonnell: Well, Mr. Speaker, I will read to you what I found in this dictionary.

Mr. Knowles: Drastic reform.

Mr. Macdonnell: Perhaps, Mr. Speaker, I read it carelessly but I will now read it out loud. The definition is as follows:

To become better by the removal or abandonment of imperfections; to abolish; cure (abuse or malpractice).

I hope I am interpreting it correctly, Mr. Speaker, and that I have not been guilty of misinforming you.

Mr. Speaker: I am inclined to disagree with the hon. member. I do not take the same conclusion as he does from what he has read. I will now quote from the Concise Oxford Dictionary, which is on the table. It states:

Make (person, institution, procedure, conduct, oneself) . . .

Well, the Senate is an institution, so let us make an institution or body of persons become better, for the definition continues:

. . . or (of person or body of persons) become better by removal or abandonment of imperfections, faults, or errors.

Mr. Macdonnell: Please read on, Mr. Speaker.

Mr. Speaker: Later on it states:

. . . abolish, cure, (abuse, malpractice).

Suggested Senate Reform

To abolish an abuse or cure a malpractice is reforming, but if we were talking about a church, for example, we would not talk of reforming the church by abolishing it.

Mr. Macdonnell: Mr. Speaker, you are making a finer distinction than I proposed doing. I confess when I read the words "abolish, cure", though it is true they refer to malpractice and abuses, it struck me the word "reform" meant what the hon. member for Rosetown-Biggar suggested, though I was not at all sure whether the hon. member would include the Senate in one of the above categories from the way he spoke.

At any rate, Mr. Speaker, I accept your correction if you are indeed correcting me. I was a little afraid myself, because although I am very ready indeed to be reformed I hoped it would not have to be fatal. That was the thought that struck me when I read this definition of the word used by the hon. member for Rosetown-Biggar. At any rate, Mr. Speaker, I have learned something and perhaps you have too.

On that point I would just like to make one more comment because it seems to me that what the hon. member for Rosetown-Biggar suggested by reform, namely to abolish, should be entirely out of our contemplation, because it appears to me it would be a gross breach of faith and it would certainly be quite different from an ordinary amendment to the constitution. In order to support that, I wish to read very briefly what Sir Wilfrid Laurier had to say on this point, as reported in column 2301 of *Hansard* for 1906:

> But one consideration which, to my mind, is absolutely conclusive and paramount, is that under our system of government, a second chamber is an absolutely needed safeguard for the smaller provinces against a possible invasion of their rights by the larger provinces.

This is really the same point which the Leader of the Opposition brought out in his quotation from Sir John Macdonald.

I would like to quote from the same speech by Sir Wilfrid Laurier where a little later on he states:

> This principle having been adopted admittedly for the protection of the smaller provinces, every one will admit at once that if we were to remove that safeguard, there would be a natural discontent in the smaller provinces, so that I contend that we cannot seriously entertain, even for a moment, the idea of ever abolishing our Senate.

To come back to what I said at the outset, I think it is a bad situation when we have one branch of our government—and that a branch which in the past has been extremely useful at times—almost brought into contempt with a large number of people. As a matter of fact, many people who seem to give practically no consideration to other aspects of our constitution are quite ready to sound off in no uncertain way about the Senate. Why has that situation come about? It seems to me it has come about because the Senate has fared very ill at the hands of Mr. King, and I very much regret to say that it has fared just as ill at the hands of our present Prime Minister (Mr. St. Laurent).

I want to read just a word or two or rather a statement made by Mr. King in 1926, as reported at page 4030 of *Hansard* of June 4, 1926. In reply to Mr. Meighen Mr. King said:

> I might say to my right hon. friend that the government would not like to prolong the session unduly by introducing the subject of Senate reform at this stage. My right hon. friend may be sure it will come up in due course.

One does not know what "in due course" is. I suppose, with a man of Mr. King's beliefs, it might be going on even yet. At any rate, I raise that point. I think anyone looking at the Senate under the hands of our present Prime Minister would feel that it is "the mixture as before", or the same procedure which personally I deeply regret. I regret most of all what the Prime Minister said on February 1 in this house, because it seemed to me that he had set aside reform of the Senate as something which, at any rate, was not going to be practical in his day. If I understood correctly what he said to the young Liberals the day before yesterday—although it was not about Senate reform; at least I think not—he seemed again to be putting off things there also in a way which I think was unfortunate. I want to read what the Prime Minister said because, as I heard it, I remember feeling "That is a minor disaster to our system of government". As reported in *Hansard* of February 1, 1954, page 1639, the Prime Minister said:

> Since I have been in Ottawa I have found that there were plenty of problems that it was realistic to study and consider because I might have some responsibility in connection with forming some opinions as to the solutions they should receive. I must confess I have never felt I was going to have in my day the responsibility of having to come to a conclusion about substantial modification as to the character of our constitution.
>
> I have heard certain modifications suggested about the way in which appointments or summonses to the other house might be made. But quite frankly, Mr. Speaker, I have never heard one that did not seem to me to bristle with more obstacles than promises of advantage to the Canadian public.

I am not proposing to make suggestions as to how the constitution is reformed. I might make the obvious comment that there is one thing that the Prime Minister could have done, although I must admit that it would have been contrary to the general practice followed by those before him. What he might have done is to disregard what I am afraid has been the inflexible rule that appointments

to the Senate were limited to certain select people whose quality, judged by one standard, was impeccable. As time has gone on, I feel that the necessity for a change has become more obvious. Whether there has ever before been such a great disparity with regard to numbers in the Senate, or anything approaching it, I do not know.

We have only to look back twenty years to a time when the Senate was a most useful body. When Mr. Meighen was leader and when Senator Dandurand, another distinguished figure, was on the opposite side, I believe that for five years the Senate did most excellent work. It was not of the same political complexion during all those years, as I understand it. At the beginning, I believe there was a Liberal majority and at the end I believe there was a Conservative majority. But to the everlasting credit of Lord Bennett, he left the Senate to do its own work. As I say, in it there were a number of distinguished men. People who were in Ottawa in those days tell me that it was the Senate debates and not the debates in this house that were most frequently attended. In the Senate there were a great many men of experience and distinction both in political and business life.

Sir Wilfrid Laurier has set out one inescapable reason for continuing the Senate. I think there is another equally good one. It should be continued not only to protect the rights of the smaller provinces but also to provide a place where experience of various kinds can be rendered available for the public service.

As we all know, there are a great many people who could be useful in the public service but who are not prepared to face the rigours of an election. It seems to me that there is a great deal to be said for bringing to the service of their country in this way people of distinction and experience. If you look back just twenty years I think you will find that at that time the Senate was highly regarded by people who came here to Ottawa. The Senate committees were doing good work. Even yet they do good work. Let us be fair about the matter. In spite of the difficulties of keeping democratic party life alive in the Senate, we should not overlook the fact that much good work has been done through the Senate committees.

I think I have nothing more to add, Mr. Speaker. We have had this situation before us for many years. I think the Senate has fared ill at the hands of Mr. King. I never could understand how a man with so much belief in the parliamentary system could disregard and degrade one of the arms of parliament. As I say, I have been disappointed with the present Prime Minister, who seemed to me to be perhaps in an especially good position, with his strong majority, to give a lead in a different direction. I was deeply disappointed when I read those words of his which seemed to me not only to say that he did not propose to do anything in the matter but even went to the extent of saying that he felt no responsibility. I find that to be an extraordinary position, Mr. Speaker. Here we have, admittedly I believe, one arm of government which has been grievously weakened; at any rate, it has been grievously weakened in the public mind. For the Prime Minister not merely to say, as I read what he said here, that he was not going to do anything about it, but to go further and really say that he felt no responsibility in the matter, is something that disturbs me greatly.

This amendment, as the Leader of the Opposition (Mr. Drew) has stated, is phrased in such a way as not to be interpreted to be a vote of confidence. I therefore hope that it may perhaps be accepted.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say just a few words in support of the amendment to the amendment proposed by my leader the hon. member for Rosetown-Biggar (Mr. Coldwell). As he said, we are in favour of reform of the Senate provided it is that drastic reform which was suggested in our subamendment, namely its abolition.

I listened with interest to the remarks made just now by my friend the hon. member for Greenwood (Mr. Macdonnell). If I may say so, he has strengthened my belief that the time has come to abolish the Senate. He argued that there are men of distinction whose wisdom it is good to have in our legislative councils but who do not wish or do not feel able to face the rigours of an election. Mr. Speaker, it is exactly that attitude to which we are opposed. We believe that anyone who plays any part in the legislative process should be directly responsible to the people. In my view the statement made by the hon. member for Greenwood (Mr. Macdonnell) reflects the attitude that prevailed when the Canadian parliament was established in 1867. The men of that day believed in democracy. Democracy was to be trusted, but not all the way. There was the notion that somehow or other there had to be people apart from those who were elected who were in a position to check on the elected representatives of the people. In our view democracy has grown up. In our view democracy is to be trusted. In our view the day has come when all those who play a part in making the laws of this country

should be responsible to the people and therefore should be elected by the people. To use the language of the hon. member for Greenwood, they should all have to face the rigours of elections.

Therefore, Mr. Speaker, I support wholeheartedly the type of reform proposed in my leader's subamendment, drastic reform, abolition of the other place. Since the word "reform" is being thrown about today, I should like to make the comment that it is quite evident that at the present time the government is not actively interested in reform of the Senate. Your Honour has already pointed out, in commenting on the language of the amendment moved by the Leader of the Opposition (Mr. Drew), that there is on the order paper a bill in the name of the hon. member for Hastings South (Mr. Follwell) which would amend the British North America Acts, 1867 to 1952, with respect to tenure of place in the Senate.

As hon. members know, that bill would provide that senators appointed after the passing of the bill would have to retire at the age of seventy-five. It does not make any provision with respect to those who are members of the other house at the present time. Certainly that is about as mild a touch of reform as could be proposed. Yet that bill has been on the order paper since March 8 and has not been proceeded with, and it is interesting to recall—

Mr. Speaker: I do not think the hon. member should deal with the merits of calling or not calling a bill because, as he knows, sometimes bills are not called for several weeks, and then one day they are called and voted on. We have had instances of that kind recently.

Mr. Knowles: Yes, we had instances of that kind a few days ago.

Mr. Speaker: Let us discuss Senate reform. As a matter of fact I may tell the hon. member that the part of the amendment referring to tenure of place should not be considered in this debate. Those words should be removed from the amendment because there is a bill on the order paper, and I think hon. members will agree that we should not anticipate discussion of the bill already on the order paper.

Mr. Knowles: All right, Mr. Speaker, I will obey your injunction not to discuss either that bill or the portion of the amendment which refers to that question. The only point I was trying to make was that the lack of interest in proceeding with that bill shows a lack of interest on the part of the present government in even the mildest touch of Senate reform.

[Mr. Knowles.]

I have one other comment I should like to make. I have before me, because I have been collecting these things throughout the years, like other hon. members, quite a number of quotations on the general question of Senate reform or Senate abolition. I have indeed many of those from Mr. King which have already been quoted by other speakers. I also have a very interesting one by another late friend of ours, Humphrey Mitchell, whom we will all remember for the very kindly way in which he dealt with matters and with members in the House of Commons. On January 29, 1935, the question of the Senate was being discussed in the house, and as found at page 102 of *Hansard* of that year Mr. Mitchell had this to say:

> The time has long since passed when the Senate should be used as unemployment insurance for many of those in political life. I am of the opinion that anybody charged with preparing legislation should be responsible to our people.

As Humphrey Mitchell often did, he got two very good ideas into two sentences. He objected to the idea of the Senate being unemployment insurance for worn-out or retiring politicians. He also objected to legislation being prepared by anyone not responsible to the people. I have already indicated my opposition to any part of parliament not being responsible to our people, but may I say a word about the other criticism Mr. Mitchell made, namely, that the Senate was a form of unemployment insurance for politicians.

In the meantime the Unemployment Insurance Act has come into force. We have that for other people, and it is also true that there is now a members of parliament pension plan which is supposed to keep defeated or ex-members of parliament off the streets. Therefore the Senate is no longer needed for purposes of that kind. Yet I find that a rather interesting situation obtains at the present time. The Secretary of State (Mr. Pickersgill) will recall that earlier this session I had some questions on the order paper about members of the other place. He made a very interesting answer which more or less said that I should do my own research, and of course when one gets a suggestion like that from the Secretary of State one has to carry it out. I have checked and I find that in the other place at the present time there are, unless there have been any changes within the last couple of days, 40 members who are former members of the House of Commons. There are 14 who are former members of legislative assemblies, and in addition to those 54, some of whom—

Mr. Pickersgill: Is there not some duplication there?

Mr. Knowles: No, not with respect to those two categories.

Mr. Abbott: All men of legislative experience in any case.

Mr. Knowles: I may say further that I have eliminated duplication with respect to the next category, and that is just what I was about to explain. In addition to those 54, some of whom after having been M.P.'s or M.L.A.'s ran again and were defeated, there are 7 others over there who never got elected to anything. Their only qualification was that they ran and were defeated. That adds up to 61, more than two-thirds of the present membership of the other house, who meet the qualification which Humphrey Mitchell thought was not a good one, namely, that it is simply a form of unemployment insurance for people in political life.

Everyone knows the understanding of our people generally that the Senate is being used for that purpose, rather than filling any vital, effective or important role in legislating the laws of this country. We offer no reflection on any of those now in the Senate, but it seems to us that the time has come for reform of some kind and, as we have already indicated, we think the kind of reform that would really be effective would be the abolition of the other place.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I would not have intervened in this debate had it not been for the subamendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell). I am not sure whether you raised a point of order or suggested that there was a possible point of order. I think that there is one involved in the subamendment. I hate to differ with the hon. member for Greenwood (Mr. Macdonnell). Certainly when it comes to being a student of dictionaries, I will accept his judgment regardless of the dictionary; but subject to that I must say that I was under the impression—and I am sure there are many decisions to this effect—that the right of abolition is not legally included in the word "amend" or any such word.

I can recall, as I am sure the Minister of Agriculture (Mr. Gardiner) can, cases under the marketing act which have arisen in the past where there were powers by way of regulation to control, alter or amend, and certain authorities took it upon themselves to abolish. I know that in the supreme court of Nova Scotia, during a case the citation of which I cannot remember, the lawyer had ample citations from the Supreme Court of Canada arising out of the Crystal Springs marketing case and some others in which the courts held that the right to alter, amend or control did not include the right to repeal or abolish. I suggest, therefore, that the amendment that you have before you, the one relating to reform, does not include the word "abolish". At least, I understand that is so because I have not seen either the amendment or the subamendment. I understand the word "abolish" is included in the subamendment. If Your Honour did raise a point of order on that, I suggest with respect it is one that could very well be raised.

Be that as it may, the reason I rose to speak at this time is that if it is in order I want to put myself on record as absolutely opposed to the subamendment. The hon. member for Winnipeg North Centre (Mr. Knowles) gave us a little lecture a few minutes ago about trusting democracy and believing in democracy. We all do that, Mr. Speaker. I do not think he has any monopoly on that at all. I would point out to him that one reason we have a Senate in this country today is the fact that the part of this nation which first established democracy here, which first established responsible government at a time when the Indians were still in Ontario and Quebec, the province of Nova Scotia, insisted on the Senate before it would enter confederation. As you know, sir, we did establish responsible government there, the "family compact" was broken, and all the other things were done. I do not think it lies in the mouth of anyone to lecture those of us who support the Senate and to say we are the foes of democracy. I think the historical record is entirely the reverse.

My comments on this subject are rather disjointed because I did not know this matter was coming up this morning. Referring again to the hon. member for Winnipeg North Centre, I may say that I listened to his references about the unemployed and unemployment insurance. We can all indulge in that sort of criticism. I think it is rather glib. As a matter of fact, merely because a person may serve in this house or elsewhere and afterwards go to the other place, it does not necessarily mean he is unemployed. It may sometimes. I am sure there is someone within the sound of my voice at the moment who has served ably in this house and who now serves in the other place, but he certainly could not in any way be construed as unemployed because he has a place in the business world of this country which would require all his time if he were not spending part of it here in public service.

I feel it is unfortunate we do get these references to the gentlemen serving in the other place. We all indulge in them. Possibly I have done so myself at certain times when indulging in some glib criticism. As

against that, we have to recognize the fact that the other place has rendered great service. I am thinking for example of the shipping act that was referred to the other place some two or three years ago. This matter was under study for months, and they spent a great deal of time in doing work which otherwise would have had to be done here. I feel that a lot of this criticism is unwarranted. I agree with the hon. member for Peace River (Mr. Low) that it is not so much a matter of reform of the Senate as it is a matter of reform of the attitude of this government towards the Senate.

The hon. member for Greenwood (Mr. Macdonnell) spoke directly to the Prime Minister on this matter, and I think he was justified in so doing. I realize this is a big problem, and that it has political implications. I know the leader of any political party would be faced with questions and with criticism from his supporters if he were to go outside party ranks to fill vacancies. On the other hand, the Prime Minister is also the leader of the government of this country, and a man whom we all respect although we may disagree with him on many of the policies that he advocates from time to time. As the leader of the government of this country he has the direct responsibility for changing the situation whereby one arm of this parliament is now rapidly falling into disrepute, if not contempt. It is a situation, sir, that cannot be allowed to continue. Certainly the time has come when something definite must be done.

As the hon. member for Peace River also pointed out, I think perhaps the disrespect that has fallen upon the Senate has changed their own political attitude towards things. The hon. member for Greenwood referred to a man who was at one time the leader of the government and who was in the Senate, the Right Hon. Arthur Meighen. I recall that when I happened to be president of the provincial political association in Nova Scotia we had a provincial convention coming along to select a leader. I asked Arthur Meighen if he would come down and address the meeting. He said that when he went into the Senate he felt he should divorce himself from all political work, and he refused to come to that meeting. He said also that no other Conservative senator could come. That is the attitude that was taken, and I am not citing it because it was taken by a Conservative. It was the attitude taken, and it should be the attitude taken by all senators.

I, too, have had the experience of senators passing over my trail during the election. I did not object to it. It did not do us any harm, but it certainly did not do the Senate any good. It should be stopped. There should be reform of the Senate, and there should be a change in the attitude of the government towards the Senate, because to get into a situation where there are only seven members of the opposition in the Senate is not good. It is not good for government, and it is not good for that government sitting over there because it brings upon them criticism and it brings into disrespect the matters for which they are responsible.

Therefore, Mr. Speaker, I do say the government has a responsibility. I have spoken on this matter in various places but I am not going to inflict upon the house a recital of the ways in which I believe reform could be accomplished. There might be a change in the basis of appointment, that is, if various political groups are going to continue. I noticed that on Saturday night the Prime Minister was speaking somewhere else in reference to provincial-dominion relations and the necessity for working out a firm solution of that problem. Possibly if a change were made in the basis of appointment whereby the provinces could appoint a certain proportion of the representatives in the Senate coming from the different provinces, and it was made a condition of amendment of the constitution that a two-thirds vote of both houses were necessary, something could be worked out along that line. It is only a tentative thought but it is something that may go a long way towards a settlement of the constitutional problem with which we are confronted.

Coming to the subamendment particularly, Mr. Speaker, I want to say this. As I suggested earlier, the Senate was brought into being as constitutionally necessary for this vast country with varying regions, varying economic claims and also varying peoples. It was necessary then, and I say it is justified today. When you reach a situation where you see the premier of Ontario, for instance, suggesting that possibly the population of this province might be something like 12 million by 1965, when you see the disparity in population far greater today than it was in 1867, then my friend can talk about faith in democracy, but we do not want to see democracy centralized in one place. I, too, have faith in democracy. However I believe we all realize there are such things as pressure groups; we all realize or remember that we have a history and that a popular group somewhere might influence our judgment temporarily. It is a very good thing, therefore, to have a little check, a little review, particularly when under our constitution there are certain fields that are reserved entirely for this house. Therefore, I say that from a constitutional standpoint it is justified.

And although it is true today that the Senate does not occupy the position in public esteem which it deserves, if it is going to function properly the responsibility must rest with the government. It is not the fault of the Senate.

Constitutionally we need it. I speak as one who comes from one province which has insisted upon it. As a result of our insistence, and the insistence of others, the Senate was created. I think a very happy formula was worked out in those days, back prior to 1867, when this machinery evolved. And it has worked down through the years, and would also work very well today if there was proper co-operation from the government.

Speaking as one member in this House of Commons, I certainly cannot support the subamendment. But I do urge upon the government the necessity of bringing back that branch of parliament to its proper place. Today we hear a great deal of talk about communism and the dangers of it, but here in Canada one part of parliament is brought into disrepute and criticism. I say there is a real responsibility upon the government, not only to provide armed forces for Korea or western Germany so that we may fight externally; there is also a necessity that we maintain our own system; and that is not being done with the attitude being taken today.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, I shall take only a moment. There is one point in the debate this morning that strikes me rather forcibly. I am very definitely in favour of the abolition of the Senate; but failing that, I think I can go along with the amendment moved by the Leader of the Opposition (Mr. Drew).

I am wondering, however, if instead of discussing reform of the Senate we might not be better employed by discussing reform of the House of Commons. In other words, should we not be putting our own house in order, before telling the other place what they should do?

We have had a committee on procedure sitting for some length of time.

Some hon. Members: Order.

Mr. Thatcher: I would hope that that committee would do something.

Mr. Speaker: Order. I do not suppose I have to use many words to convince the hon. member that his remarks should be related to the amendment and the subamendment.

Mr. Thatcher: Thank you, Mr. Speaker. The house, I am sure, will realize the point I would like to make, or that I was trying to make.

Suggested Senate Reform

There has been some comment as to the way the Senate has fallen into disrepute—I think that was the word used—in the minds of people throughout Canada. There is a very real danger that the House of Commons may fall into the same category, if we do not do something to make our procedure more efficient.

I shall sit down now.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I think it was on Thursday the Leader of the Opposition (Mr. Drew) asked the Prime Minister (Mr. St. Laurent) if there was any more legislation to be brought down. I find that today the Prime Minister has asked us to meet in the morning so as to hurry up the passage of the legislation on the order paper. But I do not see anything on the order paper about reform of the Senate. So I think the whole debate is out of order. I am not going to say it is a waste of time, but it is out of order.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I shall discuss the amendment and the subamendment. It is rather interesting to note that, on the part of the official opposition, this debate has developed into one in opposition to the subamendment rather than one in support of their own amendment. It has become quite evident during the debate that the official opposition is much more concerned with defeating the amendment to the amendment than in supporting their own amendment.

Mr. Drew: Mr. Speaker, on a point of order, may I state simply for the record that because a subamendment is moved it is appropriate for us to direct our remarks to that subamendment.

Mr. Noseworthy: I can understand the concern of the Leader of the Opposition over the Senate as it is at present constituted. But I just wonder how much different the Senate would be today if, by chance, Conservatives had been in power for the last twenty-five years.

Mr. Knowles: It is Tory enough now.

Mr. Noseworthy: We would then have the Senate full of Conservatives instead of Liberals. Just how much better that would be is not for me to say.

The amendment calls for the reform of the Senate, but the Leader of the Opposition and his supporters are very vague as to the nature of the reform they desire. Possibly if, when the Liberals are in power, the Leader of the Opposition had the constitutional right to appoint senators, that might meet the type of reform the official opposition has in mind. At least if that were

the case we would not have a Liberal government in power and a Senate with an overwhelming Liberal majority. But just what responsibility in a democracy can be given to a politically appointed upper house that would warrant the expense it costs the country? That is a question the official opposition should answer when they are asking for a modified reform.

The Leader of the Social Credit party has said that we should use the Senate to act as royal commissioners on royal commissions. The country just would not stand for politically appointed senators being placed in positions where they were supposed to be carrying out disinterested investigations. And why should we have to maintain a Senate in order to provide royal commissioners for investigations?

The existence of the Senate today has grown out of tradition, and not out of any basic necessity for a second chamber. That tradition grew up in Great Britain. It grew out of the days when the upper chamber had the most authority. Over the years, as the House of Commons has come to acquire more and more authority, there has been diminishing authority in the upper chamber, and that applies throughout the entire democratic world.

Mr. Speaker: Order. Perhaps this would be a place where the hon. member might break his speech. As it is now one o'clock, I must leave the chair.

At one o'clock the house took recess.

The house resumed at 2.30 p.m.

Mr. Noseworthy: Mr. Speaker, when we rose at one o'clock I was indicating that the origin of the Senate or upper chamber has grown out of tradition rather than out of any basic necessity for their existence. We in this country have been simply following the traditions established in older countries. I wonder, if by any chance the day of miracles returned and a Conservative government were elected at the next federal election, whether the Leader of the Opposition (Mr. Drew) would want to find a Liberal Senate interfering in any way with the legislation introduced by his government, even to the extent of re-examining and revising that legislation. I doubt very much whether the Leader of the Opposition would want to stand for that procedure.

Those who maintain that the Senate is still necessary as a safeguard and a check on the House of Commons are simply voicing their lack of confidence in the elected chamber and in the people who elect members to this House of Commons. That appears to be the position taken by the Leader of the Opposition not only now but in former years. For instance, I hold in my hand a report of his debate in May 1950, as carried in the *Globe and Mail* of that date. In that he has this to say:

> Now that the Supreme Court of Canada is to become the final court of appeal, and steps are also being taken to establish a procedure for amending our own constitution in Canada, this particular responsibility of the Senate assumes even greater importance than it had during the pre-confederation debates.

Mr. Diefenbaker: What page in *Hansard*?

Mr. Noseworthy: In other words the Leader of the Opposition—

Mr. Diefenbaker: What page in *Hansard*?

Mr. Noseworthy: The date of this is May 24, 1950, as reported in the *Globe and Mail.*

Mr. Diefenbaker: What page in *Hansard* is the hon. member reading from?

Mr. Noseworthy: Apparently the Leader of the Opposition is not prepared to trust the judgment of the Supreme Court of Canada, and, in spite of what he has said about the authority of the House of Commons, he is not prepared to trust the judgment of the House of Commons. He insists—

Mr. Drew: On a question of privilege, what the hon. member has just read is a quotation from an editorial in the Winnipeg *Free Press* that I read on that occasion.

Mr. Noseworthy: I am not at all familiar with the source of the hon. member's information. It is simply given here as a quotation from the hon. member himself. I have no doubt—

Mr. Drew: That shows the advantage of relying on *Hansard.*

Mr. Noseworthy: —he expressed confidence in that theory and gave it his support. Again, he is quoted as saying:

> Not only should it become an effective legislative body which the senators themselves desire, but it should also assure constitutional safeguards which will prevent any tampering in the future with those fundamental principles which are the very bedrock of our national unity.

There again apparently he prefers to rely on an appointed Senate, a group of men who are not elected, who have no call to go back and to answer for their actions to the electorate. He prefers to rely on their judgment rather than that of the House of Commons. And speaking of fundamental principles, which are the very bedrock of our national unity, I would think that one of the fundamental principles of our

entire democratic system is the right of the Canadian people to elect their own parliament and the right of that elected parliament to speak for the people. Unless the Leader of the Opposition and his supporters are prepared to show us just what authority they wish to give the Senate over the House of Commons, over the Supreme Court of Canada, we cannot support his amendment. It would certainly seem to me that the only effective reform of the Senate is its abolition. Today that chamber is costing the Canadian people well over $1 million a year in indemnities alone, and the Canadian people are far from satisfied that they are getting any return or value equivalent to the expense that is entailed by maintaining an upper chamber. I shall support the amendment to the amendment, Mr. Speaker.

Mr. J. G. Diefenbaker (Prince Albert): I would have thought that something would have been said by the Prime Minister (Mr. St. Laurent) regarding this very important matter. I rise for the purpose of asking him to make a statement; for after all, just a few months ago, I think it was in the month of November, he advised a labour delegation that he was thinking very seriously at that time, to quote his words, about methods of filling the Senate vacancies. At that time he indicated that serious consideration was being given by the government to assuring that the Senate should be able efficiently to discharge its constitutional responsibilities; and indeed he left the impression that a one-party Senate would not be in the interests of Canada.

Several months have now gone by. I cannot refer to what was said by the Prime Minister on February 1 last, but I do feel that since the Prime Minister is in the position of custodian of the rights of parliament by reason of his position, in his interest in maintaining the highest traditions of parliament he should give some indication of the attitude the government takes to this very important matter. The government is strangely silent, Mr. Speaker. If the former prime minister of Canada were able to communicate his views on this occasion what would he say regarding the policy that was utilized in two elections, in one most effectively, on the need and the promise of the reform of the Senate? Surely, he would expect that his successor would have views on this subject.

Some of my hon. friends say that the solution is abolition. Those are my C.C.F. friends. That is their view. Well, I saw something of reform in New Zealand in 1950. New Zealand had a second chamber, the legislative council. It remained in effect during the period of the socialist administration of that country. As I recall it, during the general election of 1949, Mr. Holland, the leader of the opposition and his party, came out in favour of abolition of the legislative council. The attitude taken by the socialist party in New Zealand was that a second chamber was necessary; reforms might be necessary but that abolition was not the solution. It was something that was unspeakable under the constitutional system of that country. However, the people spoke in favour of abolition, and I was present in the gallery on the occasion of the last sitting of that legislative council of New Zealand, and my information is that today in that country active consideration is being given to the question as to how a second chamber with responsible constitutional powers should be re-established in order to maintain something of a semblance of the British system of government.

Surely the Prime Minister has something to say on this. Or, if he has not, what about the Secretary of State (Mr. Pickersgill)? After all, the Secretary of State, Mr. Speaker, joined with the former prime minister as a kind of stepfather to family allowances. He also had views in regard to the reform of the Senate. They were expressed by him on occasion, and after all, Mr. Speaker, the constitutional viewpoint of the government should be expressed here in this House of Commons.

Mr. St. Laurent: They will be expressed by action.

Mr. Diefenbaker: Oh, Mr. Speaker, the views of the Prime Minister will be expressed by action. Well, if it is to be the type of action, in the matter of the reform of the Senate, which has been taking place since the right hon. gentleman became Prime Minister of this country, then there is little hope for the maintenance of the type of Senate that the fathers of confederation had in mind.

From time to time we receive reports of learned extramural discussions on constitutional development by the Prime Minister and the Secretary of State, and I think it is only fair to ask that the house and the country be made acquainted with their viewpoint. The Prime Minister says that decisions will be manifested or reflected by action. Well, there are a large number of vacancies in the Senate today. The Senate is rapidly becoming a one-party institution. That is not a good condition, and that is one of the serious situations in our country today, not only in the Senate but in the House of Commons. My hon. friend the Secretary of

State laughs. But I read the other day that, outside of this chamber, he gave the house a lecture on how much information an opposition should get under his idea of constitutional development, and it amounted to exactly nothing.

Mr. Abbott: Not too many red herrings now.

Mr. Diefenbaker: Now, Mr. Speaker, we are at last getting a reaction from a minister in the government, and I only hope that the Prime Minister, as the successor to Mr. King, whose life was devoted to the hope of achieving changes in the Senate, will tell us the degree to which he regards himself as a testamentary successor charged with the responsibility of carrying out the promises which were so successful in one or more elections.

This problem, Mr. Speaker, is not one that can be decided in one or even a succession of debates in this house. What the Leader of the Opposition has endeavoured to secure in the amendment is consideration of this problem of raising the standard of this parliament to give parliament something of the position which it will not long occupy unless action is taken, not only within this house, in order to improve the procedure, but also in the other chamber, to the end that each of them will discharge their responsibilities and thereby secure the highest degree of democratic conclusion of which our system is capable.

Surely, Mr. Speaker, in a matter as important as this the Prime Minister is not going to sit silent, his cabinet is not going to sit silent, and in particular the Secretary of State, who more than anyone else speaks with authority extramurally on subjects such as this, will not deny this chamber the benefit of his views.

Mr. Pickersgill: Mr. Speaker, I wonder if I may ask the hon. gentleman a question. If I understood him correctly, he said I had expressed some opinion outside of this house on the reform of the Senate. I am not conscious of ever having expressed an opinion in public on the subject in my life and perhaps the hon. member can refresh my memory.

Mr. Diefenbaker: Just recast your memory.

Mr. Speaker: Is the house ready for the question?

Hon. George A. Drew (Leader of the Opposition): No, Mr. Speaker. I had hoped that there would be some statement in regard to this subject. The hon. member for Fort William (Mr. McIvor) remarked that this was not on the order paper. That is quite true, but it should have been on the order paper. It should have been in the speech from the throne if there was any consistency in the attitude of this government in regard to matters about which so many positive opinions have been expressed in the past.

However, the procedure now before us does afford the opportunity to introduce this matter at this time. This is in fact, under the present rules of the house, the only way in which we can introduce it with any hope of having a vote on the subject.

I feel I should deal with one or two points which have been raised in connection with the subamendment which has been moved as an amendment to the amendment I presented. Most certainly we will not support the subamendment, which calls for the abolition of the Senate.

In this regard I feel it might be appropriate to place on record a statement made on an earlier occasion by the late Sir Clifford Sifton, another very distinguished member of the party opposite, who had this to say some 35 years ago:

> No nation should be under unchecked single-chamber government. According to my experience, the will of the people is very often better expressed after a check, and after a period of searching and critical discussion which generally arises from such a check, than it is in the first instance. Under our system, the power of the cabinet tends to grow at the expense of the House of Commons.

This statement, I may interject, was made 35 years ago. It continues:

> The Senate is not so much a check on the House of Commons as it is upon the cabinet, and its influence in this respect undoubtedly is salutary.

Mr. Speaker, I commend these words of Sir Clifford Sifton to the government, because they express a further opinion as to why a need for reform is here, and also the need to retain a second body under some plan which will give it an effective part within the framework of parliament.

The hon. member for York South (Mr. Noseworthy) has asked if I would be prepared to accept the restraint of the Senate if I should be charged with the responsibility of being the head of a government in this house. I may say without any reservation that I would. I will say more, namely, that I would have no choice. For under our constitution it is not for this or any other government to say that it will not be restrained by the Senate appointed under our constitution as it exists today.

That is one reason why we believe the Senate should be an effective body, that it should have the power to supervise, and that it should be able to carry out the very purpose for which it was created.

The subamendment, which calls for the abolition of the Senate instead of reform, is undoubtedly a rather drastic method of reform. It is a little like curing a sick patient by shooting him. If there is need for reform—

Mr. Knowles: Is that not a reflection on the members of the Senate?

Mr. Drew: No. The subamendment provides exactly that cure.

Mr. Fulton: It shows that they are not very good doctors.

Mr. Drew: The fact is that a doctor who carried out that kind of practice would not be permitted for long to carry on his professional activities.

We are proposing that the Senate be reformed. In answer to any possible suggestion that we are trying to dictate to the government what course they should follow —and that has been one objection on occasion—we say to the government that we are simply seeking an expression of opinion from this house that we now should proceed with whatever preliminary steps are necessary so that when we meet, at the beginning of the next session, this government may be ready to take that kind of action which was so long promised by this and other governments.

I wish that the government would carry their minds back to the emphasis placed upon this subject. I think it is worth while to place on the record in *Hansard* a quotation from the Toronto *Globe* of September 7, 1925, in reference to a speech by the prime minister of that day, Right Hon. William Lyon Mackenzie King. This is the quotation from the *Globe:*

> No declaration by the Prime Minister throughout the whole of his address was more enthusiastically received by the North York electors than that in which he declared for Senate reform. Loud "hear, hear" and applause which lasted nearly two minutes greeted his declaration: "We believe one of the great necessities of the time is Senate reform."

That was in 1925, Mr. Speaker. Yet we are told today by the Prime Minister (Mr. St. Laurent), his successor, that this government will declare its position in action. What we are seeking is simply a declaration by this house—and I have expressly stated that it is not a want of confidence motion—that in the opinion of the members of this house it is time to begin on that particular important reform referred to by Mr. King in 1925 as being one of the necessities of the time, and that the members of this house should leave it to the government to follow the course they deem to be advisable to carry out the necessary discussions, consultation and investigation, so that when we meet they may place before us some positive proposals either as to a committee of both houses, a committee of this house or such other procedure as will carry this matter to the next stage of legislative action by these two houses after appropriate consultation with those who are directly interested in this subject just as much as are the members of this house.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Before I put the question I should like to declare the subamendment out of order on the ground that it is not relevant to the amendment and furthermore that it is the subject matter of a motion which should be moved as an amendment after this amendment has been disposed of; that is, it should be the subject matter of a different motion.

Mr. Knowles: On some other occasion?

Mr. Speaker: The hon. member for Winnipeg North Centre (Mr. Knowles) is quite right when he says "on some other occasion".

Mr. Knowles: Thank you, Your Honour. We will take your suggestion.

Mr. Speaker: I would refer hon. members to citations 344 and 364. With these I think we have disposed of the amendment to the amendment.

The amendment itself is objectionable in form. I have followed the practice established by Mr. Speaker Lemieux in his ruling of April 25, 1924; see *Journals* 1924, page 186. After consulting with the mover I proposed that the motion be modified so as to read in the following manner:

> The government should give consideration to initiating the necessary consultation and inquiry respecting reform of the Senate including such matters as the method by which the members of the Senate should be chosen and their tenure of office so that all appropriate steps may be taken in order that the Senate may more effectively discharge the constitutional function it was intended to serve as an integral part of our parliamentary system.

If hon. members will look at citation 330 of Beauchesne's third edition, and the ruling of Mr. Speaker Lemieux that I have just mentioned, they will see that the Speaker, as Mr. Speaker Lemieux says, has the unquestioned authority to modify motions with respect to form.

I now want to deal with a few words in the amendment itself, namely "and their tenure of office". I have already informed hon. members that there is on the order paper

a bill of which the hon. member for Hastings South (Mr. Follwell) is the mover, and which has to do with tenure of place in the Senate and which deals specifically with this subject matter of tenure of office. At this moment I should like to make a comment on it because of future reference which may be made to this present ruling. As hon. members may see by reference to the last part of citation 330:

> Any irregularity of any portion of a motion shall render the whole motion irregular.

I should like to say that although this rule would perhaps apply on other occasions, I will not apply it in this instance because these two matters, namely, the one having to do with the selection of the members of the Senate and the one respecting their tenure of office, are not essential as far as the amendment is concerned. These words could disappear altogether and the motion would still stand up by itself. I just mention this citation and these points in passing so that it will not be held that in this instance I disregarded the rule which states that if part of a motion is irregular, the whole motion might be considered to be irregular. However, the words "and their tenure of office" should be deleted.

The question is on the following motion: The Leader of the Opposition (Mr. Drew), seconded by the hon. member for Prince Albert (Mr. Diefenbaker), moved:

> "That all the words after "That" to the end of the question be deleted and the following substituted therefor:
> "the government should give consideration to initiating the necessary consultation and inquiry respecting reform of the Senate including such matters as the method by which the members of the Senate should be chosen so that all appropriate steps may be taken in order that the Senate may more effectively discharge the constitutional function it was intended to serve as an integral part of our parliamentary system."

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Argue	Gagnon
Bell	Gillis
Blackmore	Green
Bryson	Harkness
Cameron (Nanaimo)	Hodgson
Campbell	Johnston (Bow River)
Castleden	Jones
Charlton	Knight
Churchill	Knowles
Coldwell	Leboe
Diefenbaker	Lennard
Dinsdale	Low
Drew	Macdonnell
Ellis	MacLean
Fairclough, Mrs.	McLeod
Fleming	Mitchell (London)
Fulton	Nicholson
Nickle	Stewart (Winnipeg North)
Nowlan	Thatcher
Perron	Thomas
Poulin	Trainor
Quelch	Winch
Regier	Yuill
Shaw	Zaplitny—48.

[Mr. Speaker.]

NAYS

Messrs:

Abbott	Kirk (Antigonish-Guysborough)
Anderson	Kirk (Shelburne-Yarmouth-Clare)
Applewhaite	Lafontaine
Ashbourne	Langlois (Gaspe)
Balcom	Legare
Benidickson	Lesage
Bennett (Grey North)	MacDougall
Blanchette	MacNaught
Boisvert	McCubbin
Bourget	McCulloch (Pictou)
Brisson	McIlraith
Buchanan	McIvor
Carter	McMillan
Cavers	Mang
Chevrier	Martin
Cloutier	Masse
Croll	Matheson
Dechene	Michaud
Decore	Mitchell (Sudbury)
Deschatelets	Pearson
Dickey	Philpott
Dumas	Pickersgill
Dupuis	Pinard
Enfield	Pommer
Fairey	Power (St. John's West)
Fraser (St. John's East)	Purdy
Gardiner	Reinke
Garson	Robichaud
Gauthier (Lake St. John)	Robinson (Simcoe East)
Gauthier (Portneuf)	St. Laurent
Gour (Russell)	Schneider
Gourd (Chapleau)	Shipley, Mrs.
Habel	Simmons
Hanna	Stick
Hardie	Stuart (Charlotte)
Harris	Tucker
Harrison	Viau
Hellyer	Weir
Henderson	Weselak
Hosking	White (Waterloo South)
Houck	Wood—84.
Huffman	
Jutras	

Mr. Goode: Owing to the absence, due to illness, of the hon. member for Medicine Hat (Mr. Wylie), Mr. Speaker, I did not vote.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

56. Departmental administration, $340,230.

Item stands.

DEPARTMENT OF FINANCE

104. Departmental administration, $1,843,627.

Item stands.

LEGISLATION

The Speaker of the Senate—

198. Allowance in lieu of residence, $3,000.

Item stands.

PRIVY COUNCIL

345. General administration, $373,405.

Mr. Knowles: May I ask if this means that all the departments have now been opened?

Mr. Harris: Yes.

Item stands.

Progress reported.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

REQUEST FOR INCREASE IN OLD AGE AND BLIND PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Before Your Honour leaves the chair there is a matter I wish to raise, availing myself of the right that is accorded to us to raise matters of grievance on the motion to go into committee of ways and means as well as on the motion to go into committee of supply. I hasten to assure you that it is not my intention to raise the question that you invited me to raise ten or fifteen minutes ago. I feel we have spent enough time for today discussing Their Honours in the other place.

I wish to raise a question which I feel is much more important. My question relates to the older people of Canada generally, and not just to the older ones in the other place. It is a matter of real regret to all of us in this group, as I am sure it is to many members of the house, and it is in the nature of a very real grievance, that as yet nothing has been done in this session of parliament with regard to our older people who are still, in many instances, required to get along on $40 per month. Not only has nothing been done about this matter in this session of parliament, but nothing has been done about the amount of the old age pension or the amount of the blind pension since 1949. In that year, just before the 1949 federal election, the amount of those two pensions as provided under federal statute was increased from $30 to $40 per month.

There have been other very important changes since that time. I refer in particular to the legislation enacted by the last parliament under which the means test was removed with respect to all of those 70 years of age and over, so that at that age the old age pension in Canada is universal. I refer also to the fact that at the same time legislation was enacted providing for a pension, although on a means test basis, for those between the ages of 65 and 69. Those steps were all

to the good. Those of us who had the privilege of serving on the special committee on old age security that worked out the general plan now in effect will remember that experience as one of the most satisfying we have had during the time we have been in parliament.

However, I feel it is a blot on parliament that the government has still done nothing about the amount of the pension. As I say, $40 a month is the figure that was set in 1949. This is 1954, and five years have gone by. During that time the cost of living has increased tremendously. During that time the productive capacity of this country has likewise increased tremendously. Indeed, as hon. members are aware, our gross national product today is 50 per cent greater than it was in 1949. I might indicate, to spell out that statement, that in 1949 the gross national product of this country was $16 billion, and last year it was $24·3 billion. In his budget speech for this year, the Minister of Finance (Mr. Abbott) predicted that the gross national product for 1954 would be as great as it was in 1953, if not slightly larger. In any case, speaking in round figures, our gross national product in 1949 was $16 billion and it is now something more than $24 billion.

In other words, Mr. Speaker, in the five years since the figure of $40 a month was set for old age and blind pensions, there has been an increase in the productive wealth of this country by something over 50 per cent. The proposition that we make to this house is a very simple one. We feel there is no answer to it. We feel that the very least Canada should do is to pass on to our older people an increase in the amount of the pension that we pay them proportionate to the increase in our gross national production.

In other words, we feel that the amount of the old age and the blind pension at the present time should be not less than $60 a month. I recognize there are those who will accept our basic contention that because there is this increase in our gross national product it should be passed on, but who will come back with the usual answers to the effect that this means increases in taxation. And, despite the facts we have established, they will ask the question: Where will this money come from?

From this section of the house we have made it clear time and again that money does not come out of the air. It does not grow on trees, in spite of a very interesting movie I saw to that effect once upon a time. Wealth has to be created. It is created by the labour and toil of our people in the factories, on the farms, in the mines, in forestry, in fishing and in all the other activities in which they are engaged.

The facts of history are these, that when we have set ourselves to meeting some new and great expenditure, we have met it, not out of our poverty and not by reducing some other expenditure, but by increasing our production of wealth.

I made a comparison a moment ago between the gross national product of 1949 and that of 1954. If one were to make the same comparison between 1950 and the present time he would discover that we have increased the production of wealth in this country, since the time the Korean war began, to an extent greater than our total governmental expenditures in Canada at the present time. In other words, when we were faced with the need of increased expenditures on national defence we did not say, "That means we have to cut down on this and that." We did not say, "That means that we have to reduce other expenditures." No; people were put to work, thus greatly increasing our gross national product; and the extra costs of defence, both in respect of the Korean war and in respect of our NATO commitments, have been met out of that increased production.

In fact, as I have already indicated, the increase in our gross national product since 1950 alone is greater than the total amount of the federal budget at the present time. There have been references during the course of this session—and I note them only in passing, as part of my argument—to the unemployment situation. At the moment I am not trying to revive the debate we have had on unemployment. There are arguments of course as to what the figures are; but, just taking a minimum figure, a conservative figure, let us assume that there are still 300,000 unemployed people in Canada.

If there were a greater military commitment that had to be met, everyone knows what would happen. Those people would be put to work. Let us assume that each of them can produce as much as $2,000 worth of wealth per year in addition to what is now being produced. So, with 300,000 involved, there would be an increase in the production of wealth to the extent of $600 million.

We contend that the need to provide adequate old age security and adequate pensions for our senior citizens and our blind is the kind of project we should throw ourselves into with the same degree of determination that we display when we have been met with a need for increased expenditures for purposes of defence.

I have mentioned a figure of $600 million a year in increased production that could be had by putting our unemployed people to work, so that I might relate it to the cost of the proposal I am laying before the house. I have suggested that our old age and blind pensions should be increased to not less than $60 a month. That calls for an increase of 50 per cent in our present expenditures on these items. Without bothering to take the time to give all the details, I find that what we are now spending both federally and provincially on old age security and old age assistance as well as on pensions to the blind adds up to something just over $400 million.

In other words, to increase those payments by 50 per cent would call for another $200 million. Well, I have suggested one way in which there could be an increase in the wealth of this country to the extent of $600 million a year, simply by putting the unemployed to work. In other words, there is available as an increase in our annual wealth from that source alone enough to pay for the increase in old age and blind pensions which I have advocated, and also to pay for the additional cost required to establish a national health insurance plan in this country.

Mr. Martin: The hon. member knows, of course, that the fact that no one intervenes is not by any means to be taken as an acceptance of this most amazing algebraic tussle my hon. friend has gone through.

Mr. Harris: "Hassle" is the word.

Mr. Knowles: My hon. friend can give his own speech later, if he wishes to tussle with the job of trying to justify the inaction of his government on this question of old age pensions. He knows the reason I was making that reference just now. If he replies, as I have no doubt he will, one of the things he will say—and I know his speech from beginning to end—

Mr. Martin: And I know yours.

Mr. Knowles: He probably knows mine. If we know each other's speeches, then should we not agree that instead of making speeches the government might bring in the necessary legislation to increase these old age pensions, and to do the other thing to which I refer?

Mr. Martin: Mr. Speaker, I do not intend to make a speech, but I would like to ask a question. Does my hon. friend know of any government in this country that has done more for old age pensioners than this government has?

Mr. Knowles: Mr. Speaker, I realize that I am getting some grey hairs; but I am not old enough to remember many years during

which we have had any government other than the one under which we have suffered all these years.

Mr. Pickersgill: And old age pensions legislation is one of the reasons.

Mr. Knowles: If the Secretary of State (Mr. Pickersgill) wants to make reference to old age pensions, I wonder if he wants me to take the time of the house to tell the whole story of how old age pensions were introduced in this country.

However, despite all these interesting questions and interjections, I refuse to forget the point I was trying to make, and that is that if the Minister of National Health and Welfare (Mr. Martin) gets into this debate he will probably say that by advocating an increase in old age pensions I am blocking something else in which he and I are both keenly interested, namely the introduction of national health insurance.

Incidentally, I should like to note here that the young Liberals are reported as favouring national health insurance. I hope we do not have to wait until they have had 34 or 35 years' experience with resolutions of that kind, as have hon. gentlemen across the way. But my point, Mr. Speaker—and you would be right in ruling me out of order in discussing national health insurance, because there was a debate on our amendment on that matter earlier in the session—my point is that the minister need not say that the cost of an increase in old age pensions would block the introduction of national health insurance, because I have suggested a way in which the national wealth of this country can be increased by $600 million a year, which is enough to cover both of them.

I would also point out that, during the course of the debate on the national defence estimates, we have suggested that a good deal of money could be saved there. And no less a military expert than the hon. member for Esquimalt-Saanich (Mr. Pearkes) has suggested that $200 million might be lopped off those estimates. I say that if that amount of money could be lopped off there, one of the places that amount or even more could be used to make our country stronger would be to spend it on these social services, such as an increase in old age pensions, and on health insurance, which I can tell from Your Honour's eye I really should not discuss at this time. I merely mention it because I do not want the Minister of National Health and Welfare to put health insurance up as an obstacle to an increase in old age pensions.

I need not tell the house that I could go on discussing this matter for some considerable time. I do not need to. Anyone who thinks about it a moment realizes how strong is our case. During these years the cost of living has gone up; during these years salaries and wages of a great many people have gone up. Reference has already been made here to the fact that there has been an increase this year in the indemnities paid to Their Honours in the other place, and an increase in the amounts paid to us in this house, despite the objection of many of us on this side. There are rumours that the judges are going to get an increase. There have been increases all along the line, but this group of deserving senior citizens, our people 70 years of age and over, not to mention those who require the pension when they are 65, are still left at a figure that was fixed five years ago, in 1949. That figure of $40 a month is no longer defensible. The time has come to increase it.

There is one other argument that will probably be thrown about if this debate gets going, namely, that these matters should be left to the provinces. I commend those provinces that have been able to add some supplement of varying amounts to the old age pensions; but I want to say that in my view this is a responsibility that should not rest upon the provinces.

Mr. Diefenbaker: What are the supplements that are paid?

Mr. Martin: The sum of $15 a month in British Columbia and $2.50 in Saskatchewan.

Mr. Knowles: And $15 in Alberta. If the minister wants to tell the story, let him tell the whole story. Nothing is paid in Manitoba, nothing in Ontario and nothing in any of the provinces from there east.

An hon. Member: They have not got oil.

Mr. Knowles: The whole point of what I am now saying is that the Minister of National Health and Welfare need not think that it embarrasses us to mention these supplements. My contention is that the responsibility for old age security is a federal one, and we should be taking care of that matter here so that the provinces could do other things for our older people, so that the provinces could do something about health services for our older people, and something by way of building homes for them and meeting their other needs. In other words, Mr. Speaker, it is our contention that we should see in our older people not just citizens of one province or another, but citizens of Canada from coast to coast, deserving the same fair and generous treatment from one end of Canada to the other.

My views, indeed the views of this group, are quite definite, Mr. Speaker. There are

a great many things that we feel could be included in any motion on the general subject of old age pensions, but I know what happens in this house when a motion of this kind is made. Some hon. members will say: Well, I agree with part A but I do not agree with part B; I agree with the principle but I do not agree with the amount that was suggested. Therefore, Mr. Speaker, I have tried to draft an amendment that will simply state the principle clearly so that hon. members can express themselves with regard to that principle, having in their own minds what their own ideas may be. Our idea is that the amount of the old age and the blind pension should be increased to not less than $60 a month. We feel, too, that the means test should be taken off the old age pension at age 65; we feel, too, that the means test should be taken off the blind pension completely. My amendment, however, simply calls for something that no one can deny: it refers to the need for the immediate consideration of an increase in the amount of the old age and the blind pension. Therefore, in order to lay this matter before parliament, in order to give this House of Commons an opportunity to express its views on this important question and to make its mind known to the government and to the people of Canada, I have pleasure in moving, seconded by my colleague the hon. member for Vancouver-Kingsway (Mr. MacInnis):

That all the words after the word "That" to the end of the question be struck out and the following words be substituted therefor:

"this house is of the opinion that consideration should be given to increasing the amount paid to our old age and blind pensioners under the Old Age Assistance Act, the Old Age Security Act and the Blind Persons Act."

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I do not intend to take very long to indicate to the house exactly where we stand in regard to this amendment. As indicated by the hon. member for Winnipeg North Centre (Mr. Knowles), the house is merely asked to express its opinion with respect to increasing the amounts paid to our old age pensioners under the Old Age Assistance Act, the Old Age Security Act and the Blind Persons Act. I feel, Mr. Speaker, that I am quite justified in taking a position in support of the motion, inasmuch as it is my privilege to be an Albertan. The government of my province has made provision for $15 supplementary payment, and is also providing medical, dental, optical and hospital services for many of those pensioners. Thus I feel I am quite justified in rising in my place and saying to the government that they should take the responsibility of initiating a move under which the pioneer citizens of Canada and our blind pensioners can secure more adequate incomes.

A moment ago the Minister of National Health and Welfare interjected, when the hon. member for Winnipeg North Centre was speaking, and asked what government has done more for old age pensioners than this government, meaning the government of Canada, the Liberal government. I am going to suggest to the minister that if all the facts are taken into consideration the government of Alberta is doing more for the old age pensioners than is the government of Canada.

It is true that the federal government is paying the total cost of old age security. If the minister would give us the total amount and then indicate to the house how much they recover under the Income Tax Act and under the sales tax act, then I would indicate to him that the picture might be considerably different from that which he sees in his own mind at the present time. Under the Old Age Assistance Act the federal government does pay 50 per cent of the basic $40, which is $20 a month where a person is receiving the maximum pension. As I indicated, my own province is paying its share of $20 a month plus $15 a month, plus the cost of medical, dental, optical and hospital services for those pensioners. As I say, if a proper analysis is made, the Minister of National Health and Welfare will find that in Alberta the people and the government of that province are assuming a greater responsibility on behalf of the pioneer citizens than is the government of Canada. I could not help but say that, because obviously the minister was quite convinced in his own mind that his own government had done more than any other government.

When we stop to consider the cost of living today and the particularly heavy cost facing those pioneer citizen pensioners who are residing in the urban centres, when we stop to realize the extent to which we have recognized the needs of other groups of people within our country, then I think we are completely justified in requesting at this time that immediate consideration be given to an increase in the amounts paid to those pioneer citizens of our country. I do not think it is necessary for one to go beyond that. We support this motion wholeheartedly, and we certainly trust that the house may find it possible to support it also.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I think that what we have before us is a motion that must be examined in relation to the exact wording.

It is perfectly obvious, without any comment, that certain of the views expressed by the members of the party to which the mover of this motion belongs are not consistent with those which are held by members of this party in regard to financial matters and details of that kind. Whatever may be said in regard to any other aspects, or any references outside the wording of this motion, we are called upon in this case to deal with a motion which is not affected by anything that has been said. In some cases the views put forward must be taken as part of the motion, and in this case the mover himself has divested the motion of anything other than the exact wording put before us.

I would point out that this motion calls for a consideration of the increase of the amount paid to our old age and blind pensioners under the Old Age Assistance Act, the Old Age Security Act, and the Blind Persons Act.

It seems to me there can be no question about that consideration being required. As has already been pointed out, some provinces have supplemented these payments already. I think it would be unfortunate if the impression were left that the casual interjections which have been made in regard to additional amounts paid in any way disclose the clear picture of what is done in different provinces in regard to this matter.

One province may provide one type of old age assistance, and another province may provide something different; but the fact remains that every province in some way is doing something in connection with this matter, although it may not appear to be adequate.

Most certainly there are reasons why we in this country should seek a substantial measure of agreement in regard to matters of this kind. It would be obvious that if we had a wide disparity between the amount paid in one province and that paid in another, problems might arise simply because of that fact alone, both for the governments of those provinces and for those handling the services devoted to the care of these people.

This motion calls for consideration of that problem, and it calls for consideration of a situation in which in a number of provinces more than the amount now provided is already being paid. This is something that must be dealt with by the federal government and by the provinces and it is something that should be discussed between them no matter what difficulties may be suggested in regard to other matters.

I am not aware that any great difficulty has been encountered at any time in discussions of this nature. I must say that I do not think the other difficulties put forward here are real difficulties. I think they can be overcome very readily and a conference in fact on all our broad problems could take place in regard to this subject.

I think the time is overdue for an examination of this subject, and that consideration should be given to a plan which will provide for increased payments not only for those provinces which are now providing it, but for the senior citizens of this country generally, and for that reason I propose to support the amendment.

Mr. G. H. Castleden (Yorkton): Mr. Speaker, I would like to speak in support of this amendment. The minister has brought up the matter of what the other governments in Canada are doing for our senior citizens and he did so in a rather flowery manner. But I would like to draw to his attention a fact he seems to have forgotten, namely that the pension rate is set at $40 per month and that that is the limit of income for a great many hundreds of people in Canada who are too old to earn anything for themselves.

Another thing he apparently seems to have forgotten is the fact that the cost of living has gone up and his government is responsible for that. That cost of living has gone up by 20 per cent and 20 per cent, and then another 20 per cent and with each succeeding increase the value of the $40 pension has gone down until today those who are dependent on that $40 pension, whether they be old age pensioners or blind people, find that the amount of food, clothing and shelter they can purchase for that amount has steadily decreased, and the purchasing power of their pension has suffered grievously.

That $40 pension is no longer worth $40 and it does not buy anything like $40 worth of goods. If the minister went out among the people of this country, as a good many of us do, and examined how these people try to meet today's cost of living with $40, and how their rental, clothing and food costs have gone up, he would realize that many of these people are in dire straits.

I did not like the minister's reference to what other governments have done in this field. He mentioned the action taken by the governments of British Columbia, Alberta, Saskatchewan, and Manitoba; but I would like to point out to him that since we in Saskatchewan got rid of the Liberal government there we have established a social welfare service in each part of the province on a regional basis which gives effective and immediate attention to those in need. To those in receipt of the old age pension the provincial government has guaranteed full

medical and hospital services paid for by the government, complete dental treatment, and eye, ear, nose and throat treatment. In addition, any medicine they may require from a druggist is paid for with the exception I believe of about 25 per cent.

This amendment merely asks the government to do something about increasing the pension for these old age pensioners. It does not mention any amount, and if this government wishes to do something which would be of value to those old age pensioners and prevent them from suffering under the rapidly rising cost of living, it can quite easily arrange to gear that pension to the cost of living.

If the pension were geared to the cost of living, there would be some standard upon which these old age pensioners could be certain of receiving their minimum necessities.

Consideration of this matter is required now. Those who are in receipt of the old age pension of $40 are receiving no more than $20 would have bought them 10 or 12 years ago. That is not a good thing for the senior citizens of Canada. We are throwing out a suggestion to the government that they gear the pension with the cost of living so that some kind of standard can be guaranteed to these people.

I hope this amendment will be brought to a vote in this house and that every member from every part of Canada will show by his vote where he stands with regard to an increase to these people, many thousands of whom are in need because of the present circumstances and in view of the declining purchasing power of their $40 pension.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I think this amendment embodies not only the view of the pensioners covered by it, namely the old age and blind pensioners, but also in general the view of the people of Canada. The amendment does not specify any amount but simply asks the government to give consideration to increasing the old age and blind pension which is something I believe the people as a whole are asking parliament to do.

For the life of me I cannot understand how any member in this house who has any realization of the difficulties of the old age pensioners today can oppose this motion. It has been said that the cost of living has gone up materially since the establishment of the present rate. That is quite true. I could go on at length and deal with this matter but I do not intend to do so. I simply mean to say this. This amendment is something which represents the soul, the feeling, and the wishes of the people of Canada and I hope that members in all parts of the house will support it, for support it deserves.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, there are two good reasons why this motion should be carried. First of all, there are the reasons given by my colleagues in showing the need for an increase in the pension itself. It is not necessary for me to repeat them. I think it should be well known that if the recipients of old age security or old age assistance were having a difficult time of it in 1949, then you have only to judge the value of the dollar today as compared with that of the dollar in 1949 and its purchasing power to realize how much more difficult their position must be. The other reason is the fact that, as I believe, it is one of the finest ways in which we can keep the necessary amount of money in circulation in the form of purchasing power. We are having what is described as a recession. One of the reasons for it, as it has been in the past, is the fact that the purchasing power of the public seems to be easing off. I am not going to go into the reasons for that situation because if I did so I would be out of order in this debate. The fact remains, however, that it is necessary at all times to have as much as possible of effective purchasing power circulating in the hands of the people who need it most and who will spend it most readily. I do not know of any people in the world who would make greater immediate use of that money than would that class of people to whom we have been referring.

I want also to make a brief reference to the interjection made by the Minister of National Health and Welfare (Mr. Martin) when he sought more or less to sidetrack the issue by intimating that this government has done more than has any other government in that field. I wish to submit, Mr. Speaker, that that is not the question. If we get into a competition here as to who has done what, we shall be missing the real issue. After all, when you boil the matter down, no government has done anything for anyone in this country. Those who are doing it are the people who produce the goods and services and who through their elected representatives decide how they shall distribute them in the best interests of the country. I think it is unwise and, if I may say so, arrogant on the part of a government to say that they have done more than has someone else. They have been using the production of the country as represented by the taxpayer's dollar and have been distributing it in the way that this parliament decides.

My appeal today is not to the government and certainly not to the minister himself but to the members of this house. After all, I think it is time that once in a while we came back to realize that the government is here only at the pleasure of this house. The government was not elected by the people of Canada. The members of parliament were elected. If the government enjoys the support of the members of this house, it remains as the government. If it does not, some other government will replace it. My appeal therefore is to the private members of this house, particularly those who support the present administration, to use their own good judgment in supporting or rejecting this motion, as they see fit, not because of what the Minister of National Health and Welfare says or of what any other member of the government says. Let us for once exercise our rights as individual, free-thinking members of this house. This is not a motion which would oblige the government to resign if it were carried. It would be an expression of opinion from this house.

I wish to say only one more thing while I am on my feet. It has nothing to do directly with this motion but I believe it should be taken into consideration in conjunction with it. I believe that the Minister of National Health and Welfare has had requests and correspondence in connection with the residence requirements under the Old Age Security Act as well as, of course, under the Old Age Assistance Act. At the present time that requirement is 20 years' residence in Canada.

In the interests of saving time, I am not going to go into the details now, but I think there is a good case for the government or for this house to consider reducing that requirement quite substantially because, in practice, what happens is this. People come into Canada as immigrants at various times. They pass through the immigration authorities at the federal level. The government or the minister accepts them in good faith. They are in good health when they arrive and so on, but in a period of time—say in five or ten years—they may find themselves in a position where they have the age requirement of 65, for example, under the Old Age Assistance Act or they may even be 70 and be able to qualify under the Old Age Security Act but for the fact that they have not lived in Canada for 20 years. It is not any fault of theirs that they find themselves in that position. I submit that it certainly is not a responsibility which should be placed on the local authorities, and that is where it finds itself today. When such people find that they are not eligible for the pension, owing to not having the 20 years' residence requirement, it is usually the local municipality that is burdened with the assistance they require. I think it is time that a change were made in that particular part of the act. If the minister speaks in this debate I hope he will give us the benefit of his opinion on that question.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I intend to say only a word in order to give some indication of how the government feels about the motion in the form in which it is now presented to the house. No one, of course, will seriously argue that there is any member of this house who would not be anxious to provide increases in old age security benefits or any other social benefits. Thus no one would be justified in arguing that, in opposing this motion, the members on this side of the house or any other member of the house, exercising his sense of what he would regard as a responsible course in the context of things, should be looked upon as opposing an increase in old age pensions. Certainly that would be true of those of us on this side for, along with other members in this house, it was a government of this political party that, as we all know, introduced old age pensions in 1925 and 1926.

Mr. Castleden: Why?

Mr. Martin: My hon. friend asks "why?" They were introduced because at that time we thought the people of this country needed that kind of assistance.

I think we must keep a perspective in this matter. We set up an old age security committee two years ago. The hon. member for Winnipeg North Centre (Mr. Knowles) was one of the active members of that committee. The existing Old Age Security Act was predicated on the conclusions and the recommendations of that committee. That committee recommended that we should establish, on the basis of a constitutional amendment in so far as was possible consistent with universal coverage, a system of contributory old age security. Of course our scheme is not fully contributory. The reason that it is not fully contributory is that we, unlike any other jurisdiction in the world, have provided for universal coverage. To deal with this particular matter in the way that is now proposed would be a violation of the recommendation of that committee; and it was a unanimous recommendation made by the members of every political party in this house.

Mr. Knowles: That is not a fair statement.

Mr. Martin: At that time we stated that hereafter, in our effort to build up as practically as we could a contributory system, we

would try to relate the principle of contribution to the principle of benefit. I for one believe that to be a sound principle. If ever I am asked to do so or if the opportunity presents itself of bringing in increased benefits for this group of people, I would do so consistent with the recommendation, in so far as the principle of contribution is concerned, made by that all-party committee in a unanimous way.

Mr. Knowles: Would the minister permit a question just in exchange for the one he asked me?

Mr. Martin: Yes.

Mr. Knowles: Is he not aware of the fact that it is on the record that when we agreed to that report we agreed to its principle but made it clear that as soon as it was adopted we would start fighting for an increase in the amount?

Mr. Martin: I remember my hon. friend making a statement after I pointed out just what I have now indicated, that the committee generally and unanimously, without a single exception, recommended a basic pension of $40 on a contributory basis.

Mr. Knowles: To start with.

Mr. Martin: I think it is doing the cause of social welfare in Canada a great injustice to depart from that principle. It is the only social security measure we have, apart from unemployment insurance, based on the contributory principle, and I think that we are not giving our social welfare program as a whole the kind of support that I know all of us want to give it if we follow such a course as is now suggested. There are other considerations. It is all very well to suggest that this scheme will only cost $200 million. I am afraid that when my hon. friend examines it he will see that he has really underestimated the total cost of the proposal which he talked about today but which is not embodied in the amendment.

I have in mind that during the course of this session the same hon. member put forward a proposal in respect of old age security that would have added another $900 million to the expenditures of this country. I pointed out at that time that, commendable in theory as that was, it was an impractical suggestion and one that could not be entertained seriously by anyone at this time.

I would say the same is true of the proposal now made. The federal government took 100 per cent responsibility for old age security for those 70 years and over. In this fiscal year that program is costing us about $370 million. My hon. friend said that the total cost of old age security, old age assistance and blindness allowance payments would be something in the neighbourhood of $400 million. Our total old age security payments, before the present old age security plan came into being, came to about $100 million. Now we have increased old age security payments for the group 70 years of age and over from about $65 million to something like $375 million. No one would suggest seriously that that does not represent a particular social welfare project of the first order. There is no country in any part of the world that has anything to compare with it.

Mr. Castleden: You will admit that the cost of living has gone up too.

Mr. Martin: No, I will not. The cost of living has gone down since this measure was introduced.

Mr. Castleden: But not since the adoption in the first instance of the $40 contributory payment.

Mr. Martin: Since this measure came into being the cost of living has gone down, not very significantly, but it has gone down. My hon. friend may complain but those are the facts.

Mr. Knowles: It has gone up tremendously since the committee made its report in 1950.

Mr. Martin: My hon. friend can examine my statement. We have gone into this very carefully, and he will find that I am stating what is really the correct situation.

Mr. Knowles: How would you like to live on it?

Mr. Martin: My hon. friend says he would not like to live on it. I want to say this to him. I have great admiration for him, and he and I are good friends, but I have told him privately and I say publicly that, in spite of his commendable zeal, that kind of remark does more to hurt the development of social security and social welfare in this country than anything else he could say in the house.

Mr. Knowles: Keep your face straight while you are saying that.

Mr. Castleden: That is not the view of the people who have to live on it.

Mr. Martin: I did not interrupt my hon. friend except with his permission. The implication behind that remark is that his group alone is interested in this measure. The result is that divisions are created in the country, and it is suggested that some are trying to hold back progress in this field. I suggest that is not the way to deal with this matter. At the outset of my remarks

I gave everyone credit. I recognized that everyone was sincere with respect to this measure. Certainly in view of the social measures that the government has introduced the government cannot be accused of insincerity in this regard, although those measures may not fully satisfy the hon. gentleman. We know that for many people $40 is not enough. We know that. There is no social benefit that provides full maintenance. All that a social security payment can do is provide a grant towards maintenance. This is significant and helpful assistance.

The hon. member for Vancouver-Kingsway (Mr. MacInnis) pointed out something the other day. I do not want to refer exactly to what he said because I think I would be taking an unfair advantage in view of the context in which his remarks were made. Nonetheless he referred to the Old Age Security Act as a measure of very great assistance, and there can be no question about that. We are now paying old age assistance and blindness allowances in co-operation with the provinces. We have just had a conference with the provinces on the matter of regulations having to do with old age assistance, blindness allowances and disability pensions with respect to which we hope to see the legislation introduced in the house tomorrow.

An hon. Member: Tonight.

Mr. Martin: Or perhaps tonight, as my hon. friend says. This amendment overlooks the role of the provinces. I would not recommend increases in old age assistance or blindness allowances to my colleagues without first of all discussing the matter with the provinces. They are paying a portion of the cost of these projects, and I know from my discussions with them that some of them are not in a position to meet the supplementary payments that are being provided by the two furthest western provinces. Therefore, apart altogether from anything else, the amendment as worded could not be supported because it calls for action in respect of old age assistance and blindness allowances which can only be taken in co-operation with the provincial governments. For that reason among others the amendment is not valid and cannot and should not be supported.

Furthermore, this is a want of confidence motion. My hon. friend may say that he has put his amendment in the simplest terms, terms that can be accepted by any hon. member. Of course that is true in so far as the way it is worded suggests. The hon. member asks that consideration should be given to this matter. The government is giving consideration to these matters all the time, but if we adopted this motion we would be indicating something which I do not think we can do at this time.

Mr. Diefenbaker: Why not have a free vote?

Mr. Martin: We would be indicating our intention to bring in legislation to provide for an increase, and since we do not presently have that intention I think it would be the wrong course to seek to mislead our people by adopting something which we all know as this time we cannot do. For these reasons, because this is a want of confidence motion, because it is one that does not take into consideration all that has been done in this field to date, because it fails to take into consideration the position of the provinces who are paying a portion of the cost of two of these measures, and not because we are opposed to old age pensions or old age security, I suggest that this amendment cannot be accepted in this form at this time.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, in view of the attitude taken by the minister I suppose there is nothing much more to be said. He says that this is a want of confidence motion. He would not have his followers in the Liberal party indicate any lack of confidence in the government no matter how much the old people of this country need further help. He indicated that he expects that the supporters of the government would rather have things as they are than that the government should do something for the old people of this country. He referred to some remark which I made here the other day. What I said was that the old age security pension was a godsend to people who had some other income. Everyone knows that. I meet perhaps as many old people in difficult circumstances as any member of this house. I know what the situation was before the old age security scheme was put into effect. People who had worked hard all their lives, had worked to educate their family and made small savings, would not apply for the old age pension because they would not go through the indignities of the means test. They lived in poverty and in misery just because of that. Today people who have their own little home and $100, more or less, coming in every month, and either one or both of them is over 70 years of age are sitting pretty, as I said before.

It is not a lavish standard of living, but it is a standard of living that enables them to maintain their self respect and take their part in the community, living as citizens should live. There are hundreds of thousands who have not got anything but the old age pension; that is true of those who are 70 and

over and also of those in the 65-69 age bracket. The development of our economic system adds every year to that number who cannot save anything for their old age. Our system of large scale production has separated the people from the tools and the property by which once they made a livelihood. It has not only separated them from their tools and property but it has really separated them from their skills. The machine has taken away their skill. Today when people reach the age of 45 or 50, in most cases they are no longer considered efficient in industry and they have nothing upon which they can fall back because they have not been able, in 95—perhaps 99—cases out of a hundred, to put away anything substantial that will help them to maintain a decent old age.

I am really surprised at the attitude the minister takes that the government is the little white father. He speaks of how much this beneficent government has done for the people. As it was so very well put by the hon. member for Dauphin (Mr. Zaplitny), this government has not done anything for the people. The people have provided the means by which this government has paid out anything that has been paid out. There is no reason in the world why the people of this country should come hat in hand to this government or any other government to say, let us have a better division of the great wealth we have produced and are increasingly producing.

If this were a measure affecting the members of this house, what a different attitude there would be. Could they get along on $40 per month? Could they get along on ten times $40 per month? Of course not. They were in a dreadful plight. Indeed, hard-hearted as I am I could not help but feel sorry for them myself, and keep from urging that something should be done for them. But the old people are not here. The old people are out of sight. We do not even have to meet them in an election campaign for a few years, consequently we can say we cannot do anything for you. It means a lack of confidence in this government. We cannot do anything because it would cost so much money. We never think of what money costs when we are doing something for ourselves. We are entitled to a standard of living that will put us beyond the temptations of life. Well, surely if that applies to us, it will apply in a few days to another class of people when a bill for increasing salaries will come before us. They have to have a decent standard of living to make sure they act decently. If that applies to us, and if it applies to those in the other category I mentioned, surely it applies to everybody. This alibi of a want of confidence motion, this alibi that it would violate an understanding we have with the provinces is just "hooey". There is nothing in it. Let us have a vote of the members of this house. I see that some of the old progressive Liberals have left.

Mr. Knowles: One by one like the Arabs they have silently stolen away.

Mr. MacInnis: They have gone away, silently or otherwise. It is just as well that people know where they stand. Let us remember that hundreds of thousands of old people in this rich country today do not know where tomorrow's food is coming from. Let us remember that if we want to do anything to remedy that situation it is within our power to do it. There is no alibi that can make up for that fact.

Mr. Drew: I rise on a question of privilege, Mr. Speaker. In view of certain statements made by the minister, I want to point out that the motion before us contains no specific figure. The hon. member who moved it indicated it was not intended to relate to any figure when he made certain observations about his own opinions. I made it quite clear that was one of the reasons I was supporting this motion.

Mr. Speaker: The remarks the Leader of the Opposition (Mr. Drew) has just made should not have been made on a question of privilege. Now that they are made, they are made, but I hope in the future advantage will not be taken of a point of privilege to make such remarks.

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Argue	Leboe
Bell	Lennard
Blackmore	Low
Bryson	MacInnis
Cameron (Nanaimo)	MacLean
Campbell	McLeod
Castleden	Mitchell (London)
Charlton	Nicholson
Churchill	Noseworthy
Coldwell	Nowlan
Diefenbaker	Patterson
Dinsdale	Pearkes
Drew	Perron
Ellis	Poulin
Fairclough, Mrs.	Quelch
Gillis	Regier
Green	Shaw
Hodgson	Stewart (Winnipeg North)
Howe (Wellington-Huron)	Thomas
	Trainor
Johnston (Bow River)	Winch
Jones	Yuill
Knight	Zaplitny—46.
Knowles	

NAYS

Messrs:

Abbott	Kirk (Antigonish-Guysborough)
Anderson	Kirk (Shelburne-Yarmouth-Clare)
Applewhaite	Lafontaine
Ashbourne	Langlois (Gaspe)
Balcom	Leduc (Gatineau)
Benidickson	Legare
Bennett (Grey North)	Lesage
Blanchette	MacDougall
Boisvert	MacEachen
Bourget	MacKenzie
Brown (Essex West)	MacNaught
Buchanan	McCubbin
Campney	McCulloch (Pictou)
Caron	McIlraith
Carter	McIvor
Cavers	McMillan
Chevrier	Mang
Cloutier	Martin
Dechene	Masse
Decore	Matheson
Deschatelets	Michaud
Dickey	Mitchell (Sudbury)
Dumas	Pickersgill
Dupuis	Pommer
Enfield	Power (Quebec South)
Fairey	Power (St. John's West)
Forgie	Purdy
Fraser (St. John's East)	Reinke
Gardiner	Robichaud
Garson	Robinson (Simcoe East)
Gauthier (Lake St. John)	St. Laurent
Gauthier (Portneuf)	Schneider
Gour (Russell)	Shipley, Mrs.
Gourd (Chapleau)	Simmons
Habel	Stick
Hardie	Stuart (Charlotte)
Harris	Tucker
Harrison	Valois
Hellyer	Weir
Henderson	Weselak
Hosking	White (Waterloo South)
Houck	Wood—86.
Huffman	
Jutras	

Mr. Goode: I was paired with the hon. member for Medicine Hat (Mr. Wylie).

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

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

INCOME TAX ACT

The Chairman: We are now resuming consideration of the resolution with respect to the Income Tax Act. Shall the resolution carry?

Mr. Knowles: Is the parliamentary assistant going to say anything further with regard to the paragraph in this resolution which we were discussing when we were last in committee of ways and means, which was on May 18? Mr. Chairman, although we have not yet disputed the decision that the resolution has to be voted on as one resolution, nevertheless, for convenience of discussion I believe we did agree to discuss it paragraph by paragraph. I think it is fair to say we were on paragraph No. 5.

The Chairman: Order. I understand that that has been the understanding, and that the committee has discussed paragraphs 1, 2, 3 and 4, and is now engaged in a discussion of paragraph 5.

Mr. Knowles: Mr. Chairman, when we were discussing this paragraph last time some of us were anxious to get out of the parliamentary assistant a more detailed explanation, if not a more satisfactory one, as to why this amount was being raised. Perhaps I should indicate, so that it will be on the record, that the paragraph has to do with the amount per year that a taxpayer can deduct from his taxable income in respect of moneys paid into a pension plan. At the present time this figure is $900. It is being raised to $1,500. I did some figuring on my own, and suggest that anybody who can pay into a fund on the current basis of $900 a year is probably buying a pension or is paying on the basis of a salary of $15,000 a year; whereas, if the ceiling is raised it means that a person can pay 6 per cent of a salary as high as $25,000 a year and get deductibility at that level. It does not seem really a satisfactory explanation for the parliamentary assistant merely to say that there has been inflation since that time. That same inflation did not help very much with respect to the matter we had up just a few moments ago.

Mr. Benidickson: Before we adjourned on May 18 I had pretty well concluded the explanation that I intended to give in connection with this item. The only additional thing that I might have done would have been to refer at some greater length to a very full indication of the policy on this subject that was given by the Minister of Finance last session. It is contained in *Hansard* of April 10, 1953, at pages 2702 and 2703. I am sure hon. members would prefer the opportunity of looking up that debate rather than for me to repeat now some of the explanation given there.

I did indicate that the minister had reconsidered the policy this year in a general way and had not felt that he could deviate from the policy with respect to the self-employed. I indicated the other night that in so far as the increase in ceiling was concerned, it is basically due to the fact that the increase is comparable to the increase in salaries and wages that has taken place since 1946; I reminded the committee that in 1946 this feature of our Income Tax Act was introduced and received wholehearted support from all hon. members. The ceiling of that time is comparable with what is now proposed.

Mr. Knowles: I regret to say that I still am not satisfied that this is a necessary change. Indeed, it may result in some unfairness to the public generally. As I indicated when I was on my feet a moment ago, if one can take 6 per cent, which is a normal or average rate which people pay on their salaries or wages with respect to pension plans, it means that the present ceiling of $900 per year provides for a person to get income tax deductibility of 6 per cent on a $15,000 annual salary. The proposal to raise the ceiling from $900 to $1,500 means that a person can get income tax deductibility for a 6 per cent contribution to a pension plan, that 6 per cent being related to an annual salary of $25,000.

It would depend upon what tables one uses, one's age at the time of starting to pay for a pension, what kind of pension one would buy, whether a government annuity or otherwise—you could not buy government annuities up in this bracket anyway—as to what amount of pension one would get for those payments, but I think my figures stand up fairly well, namely, that the previous arrangement provided income tax deductibility for those buying pensions up to $4,000 and $5,000 a year. The new arrangement provides income tax deductibility for those who will be purchasing pensions up to $8,000 or $9,000 a year.

I need not make the point that we in this group are very keen on pension rights for the Canadian people. That point has been demonstrated within the last few minutes, but this is a different kettle of fish we are talking about here. If it were just a case of letting people do this for themselves, one might say, why not let them do it? But the fact of the matter is that people up in these brackets, when they get income tax deductibility, really get something.

If a person is up in a pretty high income bracket that extra $600 deductibility would result in a tax saving of $300 or $400 depending on that person's particular bracket. In other words, these items which appear to concern an individual can mean rather substantial losses to the treasury and if the treasury loses money in this way then I can hear the government say, "When matters are proposed that may result in losses to the treasury that money has got to be made up in some other way." I must say I do not think the parliamentary assistant has yet made out a case for the fairness of this when it would result in a loss to the treasury, and provide for income tax deductibility for those who are in these higher brackets and who can purchase much higher pensions than most people can even dream about.

[Mr. Benidickson.]

Mr. Nicholson: Mr. Chairman, since this matter was before the house last I have made a few calculations, as well as the hon. member for Winnipeg North Centre, and I used the Department of Labour annuity tables. I assumed that the employer would be contributing the same as the employee, and if a person at the age of 25 had the good fortune to be able to put aside $900 a year and his employer put aside $900 a year, then on the basis of the annuity tables and applying them to an individual who could pay $1,800 a year from 25 to 65 he would have an income of $12,800 a year for life at the age of 65.

When you change a person's contribution to $1,500 and add the employer's contribution of $1,500 and that is put into a government annuity that person would receive a return of $21,200 a year for life at the age of 65.

If that person waited until he was 30 before he went into this sort of plan he would have $10,000 a year under the old plan per year, and $16,800 for life at the age of 65 under the new plan. If we take the age of 35 then the amount naturally goes down and you only have $7,770 at the age of 65, though with the $1,500 you would have $13,000 a year. At the age of 40 under the old plan you would receive $5,890 a year, and under the new plan $9,830. At 45 it would mean $4,280 under the old plan and $7,130 under the new. At 50 the respective amounts would be $2,770 and $4,870.

As the hon. member for Winnipeg North Centre suggested, I think this proposed change is going to benefit a group in our society who do not really need this sort of encouragement. I think the parliamentary assistant should give us some indication as to what this is going to cost the treasury. As the hon. member for Winnipeg North Centre pointed out, when you are in these higher income brackets this sort of assistance cuts down your income tax. I wonder if the parliamentary assistant would indicate what this proposed change is going to cost the treasury in loss of revenue.

Mr. Benidickson: Mr. Chairman, the figures are not available, and statistics have not been kept in the past in that regard. This has been determined largely on the ground of principle and it is in line with the 1946 legislation.

Mr. Nicholson: But surely there is some estimate. I cannot imagine a proposal of this sort going before the treasury board without some indication as to what the cost might be. I imagine the parliamentary assistant could give us some indication as to how many millions it will cost per year.

Mr. Benidickson: No, I am afraid I cannot help my hon. friend in that respect. He must remember, of course, that while there is some foregoing of tax at this time the income is taxable again when it is received as a pension.

Mr. Quelch: Could the parliamentary assistant say from where this proposal originated, and if it was the result of a suggestion made by any organized body?

Mr. Benidickson: The suggestion came largely from a number of firms who are in the business of advising companies on the organization and establishment of pension funds.

Mr. Knowles: Can the parliamentary assistant indicate any firms which make possible the purchase of pensions or the earning of pensions at these amounts? The hon. member for Mackenzie gave a few more figures than I did, but we have both given figures based on the same tables, and the examples I gave correspond in fact to the examples given by the hon. member for Mackenzie. I was using the example of a person at the age of 40 or 45 years purchasing a pension over a 20 or 25 year period. Can the parliamentary assistant tell us of any firms which are providing pensions of $8,000, $10,000 or $15,000 a year on a contributory basis?

Mr. Benidickson: Well, Mr. Chairman, I can best refer to the government. The government is in that category, as my hon. friend knows, and some of our top salaries have increased since 1946 and that would make them applicable.

Mr. Knowles: But the figures I gave are not salary figures but pension figures. Is the government paying a pension of $15,000 a year on a contributory basis? Judges receive good pensions but they are not on a contributory basis.

Mr. Benidickson: The maximum pension paid by the government, as I recall it, would be for a maximum length of service of 35 years multiplied by two per cent. This would make 70 per cent the maximum pension payable by the government, and I think the average is based on the best 10 years over the salary period.

Mr. Knowles: How many civil servants are there who are paying into the public service superannuation fund an amount in excess of $900 a year?

Mr. Benidickson: It is not practical to do so under the existing law.

Mr. Knowles: How many civil servants will be able to pay into the public service superannuation fund, after this is passed, if it is passed, an amount in excess of $900 a year?

Mr. Benidickson: That I do not know offhand and it is, of course, a proper subject my hon. friend could inquire into as an order for return which could be brought down.

Mr. Knowles: But Mr. Chairman, is it not pretty obvious that we are being asked to pass something here without being given any indication as to who wants it, why it is wanted, and how many people want it. I think the parliamentary assistant should not ask us to be satisfied with a reference to something in *Hansard* a year or so ago. I think that reference to which he drew our attention in last year's *Hansard* dealt with self-employed people. Is that not so?

Mr. Benidickson: I was not referring to this point in particular. What I said to my hon. friend was that he, and as far as I know all members of the house, approved of the ceiling set in 1946, and I now say that the new ceiling is not inconsistent with the ceiling which was approved in 1946.

Mr. Knowles: But, Mr. Chairman, I submit the ceiling we approved in 1946 was plenty high enough for conditions in 1946 and plenty high enough for today's conditions as well, so far as these very high rates of pensions are concerned. No case has been made out for this at all, Mr. Chairman.

The Chairman: Does that complete the discussion on paragraph 5? Is so, we will proceed to discuss paragraph 6. May I point out to hon. members that the Minister of Citizenship and Immigration has moved that the Income Tax Act be amended by adding thereto the following paragraph:

> 7. For the exemption from taxation for the 1954 and subsequent taxation years of insurers, not less than 50 per cent of whose gross premium income was in respect of the insurance of farm property, property used in fishing or residences of farmers or fishermen.

Mr. Macdonnell: Mr. Chairman, first of all I want to ask a question as to the interpretation of the wording in this amendment. It reads:

> For the exemption from taxation for the 1954 and subsequent taxation years of insurers—

I did not search the Income Tax Act thoroughly but I did not find the definition of that word. Can the parliamentary assistant give us the definition of that word?

Mr. Benidickson: I think my hon. friend will find that will be defined in the bill that will be brought down subsequently.

Mr. Macdonnell: Speaking to the merits of this amendment, may we understand exactly what this resolution means with respect to

the farm mutuals that were previously referred to? My understanding is that it exempts all but a small number. I should be glad if the parliamentary assistant would give us the exact statement for the record.

Mr. Benidickson: My understanding, Mr. Chairman, after a general investigation, is that there are probably something in excess of 400 mutual fire and casualty insurance companies whose business is primarily that of insuring farmers. My hon. friend will note that we have added fishermen's mutuals. I have not all the statistics with respect to the fishermen's mutuals but they are not numerous. I am informed that there are very few mutuals indeed who would find that they would be taxable under this proposal.

Mr. Macdonnell: Can the parliamentary assistant make that statement more exact?

Mr. Benidickson: Roughly half a dozen.

Mr. Macdonnell: I am not asking for the names, I am only asking the number.

Mr. Benidickson: My hesitation was owing to the fact that, as he can appreciate, I should not indicate the names because the matter has some relationship, shall we say, to the effective rate of taxation on those particular companies. It is certainly less than a score.

Mr. Macdonnell: Can the parliamentary assistant give us an idea as to the size so that we shall then be reassured that none of these smaller companies in which we are interested could be included.

Mr. Benidickson: It would be difficult to do that too pointedly. My hon. friend knows that we have two rates of taxation on corporations. The lower rate of 20 per cent applies to those whose profit is something less than $20,000. I do not think that any in that group would be taxable, even if they had been retaining some of this premium income.

Mr. Knowles: Did I understand the parliamentary assistant to say that the number of these mutual companies not now exempted following the adoption of this amendment would be something less than a score? Would it not be something less than half a dozen? Why not go the whole way and exempt them all?

Mr. Benidickson: I said a score. I do not think it would probably be ten. Here is a point that should be considered. Our whole law as proposed will apply equally to a private stock company as well as to a mutual company. We are treating all alike, just as the law with respect to income tax in 1946 treated all companies alike.

[Mr. Macdonnell.]

Mr. Dinsdale: On this point of the number of companies affected, I am wondering whether the amendment to the resolution as put forward by the Minister of Finance covers the four western mutual companies? I am interested in this subject because the western mutuals, particularly the Portage Mutual, the Wawanesa Mutual and the Co-operative mutual, as I believe they call it in Saskatchewan, are larger companies than those that have been referred to as operating in Ontario, Quebec, etc. Indeed I believe that the Portage Mutual and the Wawanesa Mutual, between them, handle about 75 per cent of the fire and casualty business in the western part of Canada. Because of their size as compared with that of the smaller mutuals which have been discussed in this chamber, it occurs to me that they might not be exempt or that they might not come under the amendment that has been put forward in connection with this budget resolution No. 6.

I want to say a word with regard to the principle involved in budget resolution No. 6. It has been a long-established principle that underwriting gains of mutuals have been untaxable. That principle was supported by the supreme court in the now well-known Stanley case a few years ago.

Mr. Benidickson: Last year.

Mr. Dinsdale: On the other hand, what is known as investment income has been regarded as a quite legitimate area for income taxation purposes. No doubt most hon. members are familiar with the principle involved. Underwriting gains fluctuate from year to year and they belong to all the members of the mutual. One year there might be a surplus if the claims were limited, and in another year a deficit might occur if the claims were larger than had been anticipated. With regard to fire and casualty insurance I understand that it is difficult to set up actuarial tables that will hold for any lengthy period of time. As to the possibility of these underwriting gains becoming unduly large or excessive, may I say that I think there is close enough supervision by government insurance inspectors and by the government insurance department to make certain that there would be no abuse in this regard.

I think it was the hon. member for Oxford, speaking some weeks ago on this matter, who referred to budget resolution No. 6 in its original form as spite legislation, or an attempt to get around the supreme court ruling. In its original form budget resolution 6 defines these underwriting gains as profit

for income tax purposes. I will just read what the original resolution states:

> For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business, and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

That is definitely getting around the long-established principle that you cannot make a profit dealing with yourself. This principle is the basis of exemption of underwriting gains from income tax for mutual fire and casualty insurance companies as well as, of course, for mutual life insurance companies. It is significant that the latter will not be affected by the original resolution or its amended form.

I make these remarks because even though there has been no indication as to the position of the four large western mutuals, it seems to me that they might not be exempt on the basis of this principle as the result of the amendment introduced by the Minister of Finance. The Wawanesa Mutual and the Portage Mutual have moved into urban business. I am not familiar with their statistics, but I imagine that a good percentage of the business of both the Wawanesa and the Portage, which are the two Manitoba mutuals, is represented by urban business. That still does not get around the principle basic to mutuals that underwriting gains are not taxable and you cannot make a profit dealing with yourself. I think this is the point that should be emphasized as we concentrate on this particular problem.

So far as the basic and fundamental purposes of mutuals are concerned, I know from personal knowledge that the Wawanesa Mutual has tried to keep as closely in touch as possible with its original intention. It has retained its headquarters in a small town with a population of 447. The head office is still located there. I feel it is an excellent example of the social advantages that accrue when a progressive and expanding company resists the pressures to move its headquarters to the more lucrative and populous urban areas and remains close to the local rural situation which it was first formed to serve.

There are 75 people out of a population of 447 who are directly employed in the headquarters of the Wawanesa Mutual. You will find among them the village bandmaster, a Sunday school superintendent, a scoutmaster and so forth, all making their effective contribution to the life of the local community. This is an excellent example of the beneficial social and community effects of decentralization of business and industry.

Finally, I should like to say that if we adhere to the fundamental principle of mutuals involved, namely, that you cannot make a profit in dealing with yourself, the large Manitoba mutuals to which I have referred, Wawanesa and Portage, definitely come within that category. In every respect, except for the fact that they have expanded into urban business, they adhere to the principles of a pure mutual. The fact that they have 75 per cent of the fire and casualty business in the west would indicate that they retain the respect and loyalty of the bulk of the prairie farmers. They not only have their headquarters in small communities, Portage la Prairie and Wawanesa, but they are run by people who are basically farmers. From the managing director down all the directors have their roots in the local community, and so far as the Wawanesa Mutual is concerned the company is owned on a mutual basis by its 400,000 policyholders. No one in the Wawanesa Mutual has made a personal fortune. All the directors and managerial staff are receiving quite modest salaries.

Referring again to the supreme court decision, in the Stanley case I think it is basic in supporting and protecting the mutual idea in fire and casualty insurance as well as in life insurance. If we circumvent that decision now for the sake of financial expediency I suspect it is going to place the western mutuals in a rather disadvantageous position in the Canadian insurance market and will also place them in an unfavourable competitive position particularly with non-resident insurance companies.

I merely point out that all of our Canadian mutuals control only 16·78 per cent of the fire and casualty insurance business of this country. The rest is controlled by insurance interests from the United States and the United Kingdom. I should like to suggest that if our western mutuals are not excluded by the amendment from income tax payments on underwriting gains it represents definite discrimination against these fire and casualty insurance companies. In the long run any additional taxation will have to be met through increased premiums to the prairie farmers. If we are going to tax underwriting gains, it will only mean that the increased costs will be passed along to the prairie farmers in the form of higher premium rates for fire and casualty insurance. I suggest that the farmers are already carrying their share of the load in the present tightened economic circumstances. Particularly does that apply in the west which is faced with the problem of marketing its surplus grains.

Mr. Macdonnell: I want to ask a question about the wording of paragraph 6. It reads as follows:

For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954, were a profit from a business—

That part has been amended. Then it goes on:

—and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

Does that stand?

Mr. Benidickson: Yes.

Mr. Macdonnell: When you say "shall be deemed to be and always to have been" does that mean in effect retroactive operation?

Mr. Benidickson: In so far as non-resident companies are concerned, yes. My hon. friend will recognize that the non-resident companies, even under the Stanley Mutual case of last year, would not be subject to taxation with respect to their investment income.

Mr. Macdonnell: How far back will this retroactive feature go in some cases? What will be the greatest period?

Mr. Benidickson: I think the original appeals were submitted in 1951. My hon. friend knows that the legislation, the parliamentary intent, was made known in 1946 to be effective from the 1947 taxation year.

Mr. Trainor: I should like to ask the parliamentary assistant if mutual insurance companies are given the same tax exemption as other co-operatives, because they really are co-operatives and, if not, why not?

Mr. Benidickson: It is rather difficult to compare the two exactly, although there are many points of similarity. In so far as co-operatives are concerned, our present law resulted from a commission known as the McDougall commission that was asked to advise on this rather intricate problem. As a result of the report of that commission the income tax legislation with respect, not only to co-operatives but also to mutual insurance companies was altered and became effective for the 1947 year.

There is, for instance, an item of differentiation in the case of co-operatives as compared with mutual insurance companies in the matter of the three-year tax exemption for co-operatives. There are some other differences but basically the point is that either a co-operative or a mutual insurance company, if it turns back to its patrons any patronage dividends which is surplus income, that income will not be considered as profit.

[Mr. Dinsdale.]

Mr. Trainor: Would that regulation apply to those companies that do not come under the amendment now? Would the same arrangements that apply to other co-operatives apply to them?

Mr. Benidickson: The hon. member for Brandon-Souris suggested there may be some mutual companies who might not benefit by this proposed legislation. This might be true, of course, and I have not particular information on any individual company. Certainly if any of them return as patronage dividends their surplus of premium income over losses and expenses they will thus avoid paying income tax.

Mr. Macdonnell: In thinking over what the parliamentary assistant said about the retroactive feature of this legislation, I may say that we have tried to keep ourselves clear of retroactive legislation. It seems to me particularly unfortunate that this retroactive feature will apply, as I understand it now, to foreign corporations. Is that correct?

Mr. Benidickson: Yes.

Mr. Macdonnell: That seems to me doubly unfortunate. Have we got some special reason for doing so?

Mr. Benidickson: Yes, I think there is. Probably I could give that explanation to my hon. friend. It was thought that the law made taxable non-resident mutual companies.

Mr. Fleming: Thought by whom?

Mr. Benidickson: It was thought by the administration. In fact I refer my hon. friend to the debates of 1946, and in so far as parliamentary intention is concerned I do not think there is any doubt about the intention. The supreme court felt it was done in a way that was not effective. It was felt that non-resident mutual insurance companies, other than life insurance companies, who carried on business in Canada would become taxable. Those companies were thought to be taxable on the portion of the underwriting profits attributable to operations in Canada, the underwriting profit being the excess of their retained premium income over claims and operating expenses.

The decision of the courts in the Stanley Mutual case was that the present law does not carry out this parliamentary intention. The proposed amendment is intended to put in the law that which was thought to be already there, and in the case of non-resident companies it is to be made retroactive. I will give the reason for making this amendment retroactive to non-resident companies. It does not have the result of changing taxation policy at all to those corporations or of increasing their tax retroactively. They will

pay what they thought they had to pay, and what was intended they should pay. Unlike the resident companies, there is no alternative method of taxation based on investment income.

The effect of the Stanley Mutual decision was that non-resident companies carrying on business in Canada, which also had investment income, would be completely exempt from tax. Taxation of this investment income falls under the general provisions relating to the taxation of income going to a non-resident.

Mr. Macdonnell: If I have understood correctly, when the parliamentary assistant says that they will not pay anything extra, surely what he means is that they will not pay anything more than they would have paid if what the administration had thought was the effect of the legislation had been supported by the courts. Surely another and more practical way of putting it is that having been relieved by the court in the Stanley case we now come along and in the case of our own companies change the law in such a way as to make it clear they are exempt, and at the same time we are not content with leaving the United States companies in the place they would have been or changing the laws so that it is now clear that they get no more effect from the Stanley case and must pay from now on, but we do worse than that—we go back and say that they are to pay from 1946. It seems to me if I have stated it correctly it is just playing on words to say we are not charging them any more.

Mr. Benidickson: As my hon. friend knows, in the Stanley Mutual case it was held that Canadian companies which did not refund all excess premium income would escape taxation in so far as that surplus was concerned. However, it is presumed that they would be liable for tax on their investment income. In the case of a non-resident company, there would be no taxation whatsoever on investment income and that would appear to put domestic companies in a worse position than non-resident companies.

Mr. Fleming: It seems to me there is a very important principle involved in this proposal. One of the golden rules of every parliament that draws its source and inspiration from the mother of parliaments is that parliament shall not pass retroactive legislation except for remedial purposes, and that in almost every case for the benefit of the subject. If there is one case above all others where parliament should not attempt to legislate retroactively it is with respect to taxation and the impositions on the subject.

Now, what is the explanation given for the attempt in this resolution to impose taxation and make it retroactive, retroactive over a period of years to a time when a certain amendment was introduced? The explanation given is that it was intended that these particular insurers should have been taxable at that time and since. Intended to be taxed by whom? We are told it was the administration that thought that was the effect of the legislation.

Mr. Benidickson: Parliament.

Mr. Fleming: No, parliament did not. That is the whole point. What parliament intended is to be taken only from what parliament said, and parliament speaks only in terms of legislation. What is said in debate in this house is said only by individuals; it is not said by parliament. The foundation of our system of law-making is that parliament speaks only in legislative terms, and its intent is what, in effect, the courts of this land say is the meaning of the legislation enacted by parliament. We are told today that parliament should now legislate retroactively to make the law for these recent years to have been what parliament a few years ago did not say it was, as now interpreted by the court, but what the administration apparently intended at that time parliament should say; whereas the courts have said parliament did not say that.

It is a monstrous thing, it seems to me, for the government to come along now and, simply because parliament did not legislate in the way in which the government hoped it would legislate at that time—in other words, the legislation that parliament adopted at that time did not have the effect the government thought the legislation was going to have—and after the courts have put their interpretation upon that legislation, say, "We are going to date the legislation we are passing today back to the origin of this period under discussion". It seems to me that there is involved here a principle of far-reaching importance. I do hope that parliament is not going to take a step here which could prove not only very unfair in these circumstances, but could prove for the future a precedent having very damaging and far-reaching effects.

What is so important about the proposal the government is making now, that parliament must act retroactively? We have not yet heard from the parliamentary assistant any adequate statement to justify legislation of a most exceptional nature, trespassing as it does upon things that are basic in our whole parliamentary system. He has given as his excuse this, and this only, that it was

thought at the time the present legislation was enacted in partial implementation of the recommendations of the McDougall commission, that it would have the effect of making these companies taxable in this manner.

The courts have said that the legislation of parliament did not have that effect. And so far as the courts are concerned, and so far as the law of this land is concerned, it does not matter what is said in the House of Commons during the course of a debate. It does not matter what was said by the minister as to the government's intention. It does not matter what hon. members who spoke in the debate have said. It does not matter what was said by any members who spoke in that debate, so far as their contributions to the debate are concerned.

What does matter is what parliament said in the language of the law that was enacted. And the language of the law enacted has now been interpreted by the courts as not having the effect of making these companies taxable in this way. If there has been any omission, then it has been an omission on the part of parliament. The government does not have the right to interpret the intention of parliament. The courts are always right in insisting that parliament shall speak through only one voice, and that voice is to be found in the language of the legislation passed, not in the language of debate preceding the enactment of the legislation.

I urge the government before this goes one step farther to abandon a proposal that I think will have very damaging effects on something that is basic and fundamental in our whole parliamentary system. I urge that the retroactive features of this legislation be abandoned. Whatever is necessary in the way of legislation to take effect from the time of its enactment, or from the time of the introduction of the budget, we are here quite prepared to consider on its merits. But let us not have legislation which is going to impose retroactively a tax burden on companies going back over these recent years when the law had not yet placed that burden upon them. What right have we, sitting as legislators today in 1954, to go back and say to these companies that they shall not only be liable from 1954 on but that they shall be liable for the tax of 1953 that parliament did not apply in 1953, and that they shall be liable for the tax of 1952 that parliament did not apply in 1952, and that they should be liable for the tax in 1951 that parliament did not apply in 1951, and so on.

This is a vicious type of legislation, and I hope the House of Commons will have none of it.

[Mr. Fleming.]

Mr. Macdonnell: Mr. Chairman, I wish to add a word to what my hon. friend has said. First of all I would point out that it seems to me this is an especially unfortunate time to pass any legislation which could have the effect of raising objections in the United States, even though it is not of major importance. It seems to me that this might do us harm quite beyond the amount involved.

There is one other thing I wish to say which, it seems to me, goes along with what was said by the hon. member for Eglinton. If one looks carefully at the wording of paragraph 6 he will see that it is most extraordinary. What it says, in effect, is that what is not a profit is in fact a profit. Let me read the words which have been used to get away from the plain effect of the Stanley case. It says:

> For the taxation of a resident mutual insurance corporation other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business.

I submit that that in itself betrays the weakness in the whole situation. The legislature really comes in and says that something the courts have considered is not a profit shall be turned into a profit, through the language used here in the words, "as though the surplus arising from its insurance activities . . . were a profit". That, it seems to me, underlies and strengthens what the hon. member for Eglinton has said. The circumstances are such that it seems to me to be one of the worst cases of applying a principle which is contrary to our whole legislative background.

Mr. Low: Mr. Chairman, this matter is of sufficient importance that I suggest the parliamentary assistant should give us some assurance that the matter about which hon. members have been speaking is either not as it has been portrayed, or that he will take a further look at it.

If what the hon. member for Eglinton has said is true—and I have no reason to doubt it—it does seem that this would be a bad principle to have applied in other matters and to other people. For instance, if the courts in this country under legislation of this kind should find in favour of some person, then the government through action of the kind involved in this section could make it absolutely impossible for the judgment of the court to be effective.

I do not think that is right at all, and I would like to hear what justification for it the parliamentary assistant may have to offer.

Mr. Benidickson: Mr. Chairman, I think it would be well to place on record, particularly for the hon. member for Peace River who has just spoken, the very clear indication of what was involved in the proposal for taxation of these mutual companies and co-operatives in 1946. What the minister said is to be found at page 4094 of the 1946 *Hansard*. While this is in no way a contradiction of what my hon. friend has said, I think it is most desirable that there be placed on the record what was said at that time by the Minister of Finance.

Mr. Fleming: That is still only what one minister said; it is not what parliament said.

Mr. Benidickson: It is the explanation given by the minister who was piloting the legislation in 1946. At that time the Minister of Finance said:

> The main proposals with respect to co-operatives are, as the committee knows, the repeal of the exempting section 4(p) and allowance of deduction for patronage dividends.

And then I shall leave out a sentence or two which, I assure hon. members, are not pertinent at the moment. Then he went on to say:

> That is to say, resolution 14 repeals the present provision exempting mutual insurance companies, while resolution 15 allows these companies a deduction from income on patronage dividends; that is to say, amounts returned to the policy holders. In effect, the companies will pay tax on the amount of profits retained by the company and transferred to general reserve which is free from the individual claims of policy holders.

Mr. Johnston (Bow River): Is that what the act says now?

Mr. Benidickson: No, but since that time taxation has been paid on that basis.

Mr. Johnston (Bow River): But the act does not say that?

Mr. Zaplitny: I think the parliamentary assistant has left something out. In the particular act to which he refers an exemption was not provided for the total amount of participation dividends paid out. There was a residue, I believe, of 3 per cent which was considered to be part of the reserve, regardless of the action of the co-operative itself. Therefore there is still a portion of that which is taxable under the act.

Mr. Benidickson: My hon. friend is referring to co-operatives. I indicated there was some slight difference between mutual insurance companies and co-operatives.

Mr. Dinsdale: With regard to the point I raised a few moments ago, I believe that the four large western mutuals to which I referred, the Saskatchewan Co-operative, the Saskatchewan Mutual and the Portage and Wawanesa mutuals are taxed under the Excise Tax Act 2 per cent of their premium income, and they are the only four mutuals in the field who pay that special 2 per cent on their premium income, mainly because they do not come within the category of having more than 50 per cent of their business with farmers and the rural part of the population. If that is so, in the case of the tax on 2 per cent of the premium income, it would seem that they are not going to be covered by this amendment. When I spoke before I emphasized the principle that you cannot tax the underwriting gains of a mutual.

Like the hon. member for Eglinton, I think that this is a rather unfortunate, even if not a vicious, attempt to get around this principle. The eastern mutuals and similar mutuals operating in eastern Canada are already exempt from the 2 per cent premium excise tax. However, the four western mutuals are not. Is it because of their size? It is obvious, of course that the situation on the prairies, the situation in geography, and population, is somewhat different. Because of our scattered population and of great distances it was almost inevitable that prairie mutuals, the mutual type of fire and casualty company, would expand to include a larger number of members for each mutual firm. It is for that reason that I should like to know whether it is true that the companies not covered by the amendment would be the four western mutuals.

Mr. Benidickson: Of several hundred ostensible mutual companies, I cannot indicate which ones would come under this formula, but my hon. friend refers to a principle, and that of course is fundamental to this proposal. The location of the company does not matter, whether west or east. The principle, and it is an important one, is whether or not more than 50 per cent of the business is carried on with respect to farm properties, property used in fishing, or residences of farmers or fishermen. There is no discrimination either on grounds of size or of geography.

Mr. Dinsdale: That is one principle, a principle that was enunciated by the McDougall report, and which, incidentally, was ignored up until this amendment was introduced; but I think the basic principle for mutuals is that you cannot make a profit dealing with yourself. If you start taxing underwriting gains then you are invading that field. Such was the conclusion of the supreme court in the Stanley case.

Mr. Knowles: That is a very plausible statement that the parliamentary assistant made a moment ago when he said that it laid down a principle. You could lay down a principle that all members of parliament wearing bow ties would have to pay double taxation. The trouble is you might have looked around first to see who was wearing bow ties.

Mr. Low: Don't say that.

Mr. Knowles: I see we have another one now. Similarly, in this case, it is pretty generally known to all who are interested in this matter that the principle that has been enunciated in the amendment moved by the Minister of Citizenship and Immigration does have a certain effect. If we are going to talk about principles, the hon. member for Brandon-Souris has enunciated a more fundamental principle than the question as to where one draws the line. Drawing the line is comparable to the ridiculous principle I suggested about members who wear bow ties.

It does seem to me, even though I am not too familiar with the circumstances of the companies involved, that the hon. member for Eglinton has drawn attention to something that is being done here which could be rather vicious and far-reaching. The very language of the latter part of paragraph 6 of this resolution suggests the terrible things that the government might do if it wished to. I will put these words of the resolution on the record again:

—shall be deemed to be and always to have been subject to taxation on that basis.

My little suggestion a moment ago about bow ties was not ridiculous at all in the light of that kind of language. I recognize that this is the language of the resolution rather than the language of the bill, but I would hope that before the bill comes in very serious consideration would be given to this point, and we will not lay down as a precedent that we can decide that any company or taxpayer or person can now be regarded as always to have been taxed on a certain basis. That might call for taxing people long since dead.

Mr. Fleming: This resolution should not be allowed to pass in its present form. Unless the parliamentary assistant is prepared to drop the vicious words the committee should have the opportunity of saying whether it is prepared to give approval to the resolution which on the face of it proposes to apply taxation retroactively. The only thing we have heard from the parliamentary assistant to excuse or give extenuation to a vicious use of parliamentary power of this kind is that the Minister of Finance in a certain debate in 1946 said something as to the intended effect of the legislation that he was then introducing. The Minister of Finance is one person in this house. His statement as to the effect of any legislation under consideration is still not the law. Even though the law is enacted in the form in which the government introduces it, the meaning of it is still, in so far as the law is concerned, not what the government declares it to be; it is what the courts declare it to be. Here the courts have said, notwithstanding what was said by the Minister of Finance in 1946, or anyone else in that debate, or at any other time, that the legislation enacted by parliament in 1946 does not, and did not at any time, make these insurers taxable. And yet, in 1954, this house is being asked by the government to say, not simply that these companies are to be taxable from this point on in 1954 but that they are to be taxable as though this legislation had been passed in 1946, to make them taxable now where they were not up until now taxable in respect of their operations in 1946, 1947, 1948, 1949, 1950, 1951, 1952 and 1953.

Where is the justice, where is the equity in legislation of that kind? I ask hon. members opposite to weigh very carefully just what it is they are being asked to do here. They are being asked to say in terms of a legislative enactment in 1954 that what was not the law, what was not taxable at any time up until now, shall not merely be taxable from this point on, but shall be taxable for those years, 1946 to 1953, inclusive. Mr. Chairman, this is absolutely vicious, and I do urge that before this goes one stage further the government should not press it but reconsider the matter. It may be there is a matter of revenue involved here which the government hopes to have, but hopes are not enough, and it is not enough that the Minister of Finance said what the hopes were in 1946.

All that matters is what parliament said in that legislation. We have had an interpretation by the highest court in this land as to the meaning of what parliament said in legislative terms. Are we now going to change that retroactively to make taxable what is not taxable at the present time, and apply it to these seven intervening years? I hope that the government, Mr. Chairman, will not press this. I hope the parliamentary assistant will say that he is prepared either to stand this over for further consideration, or to abandon the retroactive features of the legislation.

I hope that this will not be passed even as a resolution, because I suggest that if it remains on the record of parliament as a resolution approved by the House of Commons then we will have a stain there which

will disfigure the record of this parliament and which will constitute a dangerous precedent for the future.

I will ask the parliamentary assistant if he is prepared to allow this matter to stand for consideration. Otherwise I shall be obliged to move that these obnoxious words be stricken out. Is he in a position to give such an undertaking?

Mr. MacInnis: Mr. Chairman, I am not always impressed by the many dangers the hon. member for Eglinton can see in legislation, but I believe that on this occasion he is perfectly right. I think it is preposterous that a resolution of this kind, after there has been a decision of the court deciding as it did decide, and regardless of what the court has said, is now submitted. Surely that is going beyond all reason. If we can do it with a resolution of this kind is there anything we cannot do and say regardless of what any court may have said hitherto in regard to any law? Are we to say that from now on this is the law?

It is ridiculous that these people should put language of that kind in a proposal of this kind. It makes a monkey of our courts of law and of their decisions. I suggest the parliamentary assistant should at least allow this matter to stand over until after the dinner recess and then perhaps the members of the government can talk it over and see if they have any change to propose.

Mr. Benidickson: Mr. Chairman, probably we can stand this over in view of the suggestions which have been made, and we can in the meantime deal with the resolution on customs.

The Chairman: Is it agreed that the resolution with regard to income tax shall stand?

Some hon. Members: Agreed.

The Chairman: We shall now deal with the resolution on the Customs Tariff.

Resolution stands.

CUSTOMS TARIFF

1. That schedule A to the Customs Tariff be amended by deleting therefrom the following enumeration of goods and rate of additional duty of customs: "Ale, beer, porter and stout, 40 cents per gallon." and by substituting therefor the following enumeration of goods and rate of additional duty of customs: "Ale, beer, porter and stout, 38 cents per gallon."

2. That schedule A to the Customs Tariff be further amended by striking out tariff items 187, 189, 263b, 290, 343, 345a, 352a, 353(a), (b), (c) (d), (e), (f), (g), (h) and (i), 402, 409c (1), 409e (1), 409f, 409m (1), 410f (1), 410o (i), 418, 426, 431h, 437, 440i, 442, 443b, 443d (1) and (2), 445r, 446k, 451, 453a, 476a, 480a, 499a, 535e, 561, 569d, 618b, (1) and (2), 660a, 696 (1), 696a, 703 (c), 704, 705a and 848 (2), the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Mr. Low: Mr. Chairman, I wish to say a few words on this resolution with particular regard to the government failure to take into consideration the request for the need for relief to the farmers of this country. I wish to refer to one item in particular. It has been pretty difficult for me to understand why the Department of Finance has refused year after year to put farm wagons on the free list. As I understand it, farm wagons now come into Canada free under the British preferential tariff, but under the most-favoured-nation tariff, as for example from the United States, a duty of 15 per cent is assessed against them. The item in question is 439c which reads as follows:

Farm wagons, including four-wheeled wagons equipped to be tractor-drawn; farm sleds; logging wagons; logging sleds; and complete parts of all the foregoing.

I am advised that year after year the Canadian Federation of Agriculture has made representations to the Minister of Finance to have farm wagons put on the free list, but each time the request has been turned down. In the memorandum of suggested amendments to the Customs Tariff and Excise Tax Act presented by the Canadian Federation of Agriculture to the Minister of Finance on March 9 of this year, the federation made a submission with regard to farm wagons, trailers and sleds, and I would like to quote briefly from what they have to say as a background to my remarks. The memorandum stated:

In the general tariff reduction of August, 1944, when farm machinery and implements were freed from all customs duties no change was made in the duty on farm wagons and sleds.

That is item 439c.

The most-favoured-nation duty remained at 15 per cent ad valorem although at the same time the drawback on certain materials used in the manufacture of these items was raised from 80 to 99 per cent. The only change in tariff item 439(c) since 1946 was the amendment of June, 1948, which changed the item to include four-wheel farm wagons equipped to be tractor drawn.

In 1946 all materials and articles entering into the manufacture of farm wagons and sleds were placed on the free list.

That is under tariff item 442.

Farmers are making increasing use of two-wheel trailers drawn by tractors and motor cars for the purpose of transporting farm produce and supplies. At the present time these vehicles are dutiable under tariff item 439(b) at 10 per cent under British preference and 22½ per cent under GATT. In addition they are subject to the sales tax.

There are probably no farm implements more universally used by farmers than wagons, trailers and sleds. In view of the fact that the Canadian manufacturer can import free of duty all the materials necessary for the manufacture of wagons

and sleds and some types of trailers, we cannot see any reason why they should be treated differently with respect to the tariff than all other farm machinery and implements.

And they continue:

We therefore request that tariff item 409(f) should be amended to include the following: "Farm wagons, including four-wheeled farm wagons equipped to be tractor drawn; farm sleds; two-wheel wagon trailers for farm use only;" Complementary to the foregoing amendment to tariff item 409(f) tariff item 439(c) would need to be amended to strike out the opening words as follows: "Farm wagons, including four-wheeled farm wagons equipped to be tractor drawn."

That is the end of the quotation from the submission made to the minister by the federation. Now the Department of Finance, I understand, has received the unqualified undertaking of at least one United States manufacturer of farm wagons that the Canadian farmer's price of its wagon would be immediately reduced by the amount of duty now paid if farm wagons were placed on the free list. Consequently a move of the kind that I have suggested would undoubtedly reduce the prices of all wagons all over Canada by the amount of the duty that is now being paid. I point out to the parliamentary assistant to the minister that there are not any more than two or three manufacturers of farm wagons of any importance in all of Canada. It is therefore difficult to escape the conclusion that the duty on the American import is for straight protection purposes.

The amount of the duty on a farm wagon brought in from the United States is about $20. The elimination of the duty which would be immediately reflected, as I have said, in the purchase price to the farmer, would represent a substantial saving to the farm purchaser. On the other hand, of course, if the matter is looked at from the standpoint of protection to the Canadian manufacturer, it is impossible for me at any rate to believe that the elimination of the duty and the consequent compulsory reduction in the Canadian price would force any of our Canadian manufacturers into bankruptcy or even into trouble.

In bringing down the budget in 1944 the minister of finance of that day, Mr. Ilsley, said this as reported at page 4184 of *Hansard* of that year:

With the same end in view, the government believes it appropriate to provide at once and without waiting for the completion of reciprocal arrangements with other countries for the removal of all customs duties on agricultural implements.

I draw the attention of the parliamentary assistant to those last words "the removal of all customs duties on agricultural implements". The policy declared by Mr. Ilsley in 1944 I think has been faithfully carried out by the government in most lines. That fact makes it all the more difficult to understand why this one remaining piece of farm machinery—the farm wagon—has remained dutiable. I think it could be safely said that it is the only important piece of farm machinery that is still required to pay duty.

It is sometimes difficult to say, of course, whether certain capital equipment used by the farmers can be classified as machines or implements. However, it seems clear to me, at any rate, that what Mr. Ilsley intended by his reference in the budget speech of 1944 was that all implements or instruments used by the farmers in the process of farm production should be duty free. I should therefore like to ask the minister to add the word "apparatus" to item 409f so as to make it read:

—and all other agricultural implements, apparatus or agricultural machinery n.o.p. and complete parts of all the foregoing . . . Free.

I think that would meet the situation perfectly satisfactorily, and it would make quite a difference to the farmers throughout western Canada particularly who buy so many of these wagons.

It might be argued that it is necessary to retain the 15 per cent tariff under the most-favoured-nation treatment in order to protect our Canadian producers. I should just like to draw the attention of the parliamentary assistant to two interesting publications. They are both put out by the dominion bureau of statistics and the Department of Trade and Commerce. I refer first to this one entitled "The Agricultural Implement Industry, 1952". On page B.5 there is a table showing the total production of various agricultural implements in Canada for the years 1951 and 1952. Those are the latest figures that I can get.

From the table I notice that for 1952 the production in Canada of farm wagon gears —that is standard ones—numbered 993 with a value of $142,324. That is all that we produced in Canada in that year. Going on to farm trucks, low-wheel type, steel or wood, we find that we did not produce any in Canada. Yet we sold that year in Canada 442 at a value of $54,852. When we come to the type called rubber-tired gears or trailers, which have become so important now to farmers fairly well all over Canada, here is what we find: Production in Canada in the year 1952 was 6,608 with a total value of $905,733. But the sales in Canada, I point out, amounted to 12,760 with a total value of $2,122.175. From those figures, Mr. Chairman, I point out that we could not possibly be doing the Canadian industry much if any harm by allowing these wagons and gears to come in from the United States duty free. If that were done it would be of tremendous

help to the farmers of the country. I appeal to the minister to give the matter his earnest consideration.

Mr. Knowles: Mr. Chairman, I wonder what your plans are as to discussing the detailed items in the schedule that is attached to this resolution? There are half a dozen of them about which I want to ask questions.

Mr. Benidickson: I think we might do as we did in connection with the income tax resolution. If there are some general observations to be made, I think the chairman might welcome them at this time, and then probably call the individual items in the customs schedule, one by one.

Mr. Knowles: Or page by page might be good enough.

The Chairman: I think perhaps it might be preferable to call the items page by page. So that there will be no misunderstanding, I may say that is merely for discussion purposes, not for the purpose of actually passing the items. Is that procedure agreed?

Some hon. Members: Agreed.

Mr. Trainor: Mr. Chairman, may we call it six o'clock?

Mr. Fleming: Before you leave the chair, Mr. Chairman, may I ask if it is the intention of the parliamentary assistant to continue with the discussion of the Customs Tariff resolution at eight o'clock and to complete it before coming back to the income tax resolution?

Mr. Benidickson: I think that procedure would be preferable now that we are into customs matters.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock we were discussing the resolution on the Customs Tariff. Shall the resolution carry?

Mr. Knowles: Not yet, Mr. Chairman.

The Chairman: I am sorry, but I understand the hon. member for Winnipeg South had the floor at six o'clock.

Mr. Trainor: Thank you, Mr. Chairman. I wish to call the attention of the committee and the parliamentary assistant to what I consider to be an unfair imposition in the Customs Tariff against a class of handicapped individuals. I refer to the question of the customs duty on orthopedic shoes for children with club feet. I have already called this matter to the attention of the parliamentary assistant and the minister. The situation is approximately as follows: Children with club feet are treated by orthopedic surgeons by changing their shoes very frequently. If the shoes are custom-made they are duty free but if they are not custom-made they are subject to a duty.

In actual practice what happens is that the surgeon treating the child makes a tracing of the child's foot and sends that tracing to a firm of shoemakers in the United States who pick the appropriate shoe off the shelf and send it to the patient. That shoe is dutiable and it costs the parents of the child approximately $5 per shoe. You can imagine that these shoes have to be changed rather frequently, every two or three months, because the child's foot is growing rather rapidly. This, I submit, is really an imposition on the handicapped. It is not for the purpose of protecting the Canadian shoe industry because no shoe manufacturer in Canada is prepared to provide this type of shoe.

I submit that this is very unfair to a group of children who are physically handicapped and particularly to their parents. I would suggest that if the Minister of Finance is so desperately hard up for revenue that he must impose his taxes on the lame, the halt and the blind perhaps hon. members might suggest other sources to him that he may have overlooked. Maybe we could start off by suggesting that he impose a customs tariff on white canes for the blind. I suggest that it would be a very gracious and appreciated gesture on the part of the government if they would forgo this tariff on the physically handicapped. It is purely a tariff for revenue and not for the protection of Canadian industry.

Mr. Knowles: Mr. Chairman, as I indicated earlier, the remarks I intended to make were to be related to specific items, and it was my intention to deal with them as we came to them page by page. However, in view of the appeal which the hon. member for Winnipeg South has made, and which I am very happy to support, perhaps I might now refer to one of the items I had in mind because it is in the same category. I refer to item 480a which deals with invalid chairs. The item is spelled out in the schedule. It is a lengthy one with certain details into which I need not go at this time. It does seem to me that the government, having gone some distance in relieving invalid chairs from customs duties, should go the whole way. I need not go into it further because

the arguments the hon. member for Winnipeg South has made with respect to orthopedic shoes and to other items that are needed by invalids and cripples apply in this case as well. I hope that even yet invalid chairs may be made free of customs duty as well as these other items.

Mr. Macdonnell: May I ask the parliamentary assistant if he is going to make a reply to the hon. member for Winnipeg South on the question raised by him? It does seem to me prima facie a very strong case and the amount involved must surely be trivial.

Mr. Benidickson: I think that the amounts involved are probably trivial. The hon. member for Winnipeg South is referring to an item that he and I discussed and which appealed to me as something that should be looked into. I did so, and I found it required a fair amount of additional inquiry. The hon. member for Winnipeg South submitted a customs invoice to me, and I believe the pair of shoes involved was priced at $11.50. In these days that does not indicate a particularly high priced custom-made product. However, in view of the fact that these things are sometimes ordered by medical practitioners like my hon. friend, I assured him I shall continue to look into the matter.

The Chairman: Shall the resolution carry?

Mr. Knowles: Are we now going on with the details?

The Chairman: Do I understand that we have completed the general discussion?

Some hon. Members: Agreed.

The Chairman: Then I will call page 2. Are there any comments on page 2? I am sorry. Perhaps I should call it in this way. On my page 2 I have tariff items 12b to 402.

Mr. Knowles: Mr. Chairman, your pagination is a little different from mine. With respect to item 402, I wonder whether the parliamentary assistant would make a comment? I ask him to bear in mind that this kind of wire fencing is largely a farm item, and I wonder whether the provision could not be extended to make it free of duty where it is for use on farms?

Mr. Benidickson: This is a reducing item. Due to the fact that in another tariff item there was the phrase "coated or not" there was some doubt whether materials of this category should be admitted under this item. We are just making it certain that where the word "coated" was in the wire will be admitted.

Mr. Knowles: That is, they will be admitted free under the British preferential tariff.

[Mr. Knowles.]

Mr. Benidickson: That is right.

Mr. Knowles: What about the most-favoured-nation tariff?

Mr. Benidickson: My hon. friend is looking at the schedule and he will find a comparison between the proposed rate and the former rate.

Mr. Knowles: Perhaps at this point the parliamentary assistant would explain something which would apply not only to this item but to other items as well. In the existing rates there are listed two figures, 12½ per cent and 20 per cent. Under the proposed rate there is just listed 12½ per cent. Perhaps he could explain that.

Mr. Benidickson: Yes, hon. members will find that the Customs Tariff is not always all-embracing, and very frequently you will find the phrase "not otherwise provided." In the righthand side of the proposed changes in the budget resolution, you will sometimes find the alternative. Usually you will find that we are going from the "not otherwise provided" to a lower tariff rate. Some of these woven or welded wire fencings may have been assessed at 20 per cent under the most-favoured-nation tariff rate and will henceforth pay on the basis of 12½ per cent.

Mr. Harkness: This was an item that caught my attention, and the parliamentary assistant has not answered a question that was asked as to why this wire, which is almost entirely used for agricultural purposes, should not be on the free list along with some other items of agricultural equipment. There may be some of this welded wire which is used for protecting factories or something of that sort. If that is the case, I would think it is quite possible to break this item down into two items, one the ordinary type or what is generally called Page wire, from the original manufacturers, I assume, which is almost entirely used for farm purposes, and this other wire that is used to protect factory yards and things of that sort.

Mr. Benidickson: I recall my hon. friend's participation in the debate last year, particularly on the general item 409 in the Customs Tariff. It was explained that there are a number of items that can be used equally well in agriculture as in other fields. Generally, we try to spell these things out specifically.

Mr. Harkness: Apparently there is no effort to spell them out in this case, and that is my complaint. Why could not the items which are really agricultural items be separated from the ones relating to factory protection?

Mr. Benidickson: I think from reading the item my hon. friend will find that generally, in so far as the products are concerned that are subject to this change, they would not be used on the farms.

The Chairman: Does that complete the discussion on page 9? We shall proceed to page 10, comprising items 409c, e, f, and m.

Mr. Zaplitny: I find that my pages do not correspond to the ones from which you are reading because I am looking at *Hansard*.

The Chairman: I am now reading the items as they appear in the pamphlet copy of the ways and means resolutions.

Mr. Zaplitny: I should like to refer back to the question raised by the hon. member for Peace River in connection with agricultural apparatus. He specifically mentioned farm wagons. He suggested an amendment which I believe would meet the situation if the word "apparatus" were inserted, and in my opinion it would be better inserted after the word "agriculture" in the second last line of that item.

Mr. Benidickson: You are referring to item 409f?

Mr. Zaplitny: Yes. So, it would read, "and for all other agricultural apparatus and implements or agricultural machinery." I believe that would take care of a number of other smaller items along with such implements as farm wagons and farm sleds, about which the Canadian Federation of Agriculture made representations. I think that is the intention of parliament anyway, to place those things on the free list. I believe this would be the easiest way to do it, if that meets with the approval of the parliamentary assistant.

Mr. Benidickson: My hon. friend knows that all these matters are very intricate and involve our treaty arrangements with other countries. Prior to the summer of 1955 we will probably have a new agreement amongst a great number of our trading countries. In so far as the representations that were made by the hon. member for Peace River are concerned, I considered those over the dinner recess. I was informed that representations in this regard had come fairly late this year from the Canadian Federation of Agriculture, I think some time in March. The reply given to the brief submitted by that federation was to the effect that these things would be considered and reported upon between now and the time it is necessary to consider our position in relation to the commonly called GATT agreement which comes up for review next autumn.

Mr. Zaplitny: Do I understand that there is something in this agreement that would prevent Canada from making this change in this particular item? I am afraid the reply was slightly vague on that point. Is there something specific in the agreement that would interfere with or be contrary to placing this item on the free list?

Mr. Benidickson: These are general things, Mr. Chairman, and I believe the hon. member for Peace River referred to wagons. He mentioned there was a reference to them in the Canadian Federation of Agriculture brief. The hon. member will understand that all these things have a general relationship to the total value of trade between one country and another. I can assure him that this will be considered in the next few months.

The Chairman: Shall we now pass on to the discussion of page 11, comprising items 410f, 410o, 418, 418a, 426, 427k, 428i?

Mr. Knowles: Under item 426, could the parliamentary assistant explain the difference between ozone generators and ozone airifiers?

Mr. Benidickson: The word "ozone", Mr. Chairman, is now inserted before the word "airifiers" in order to facilitate the administration in carrying out the original intention of the item. Various types of humidifiers and air conditioners were being claimed as entitled to entry as airifiers.

The Chairman: If we have completed discussion of the items on page 11, we will turn to page 12, and consider items 431h, 437, 437a, 437b, 440i, 441g, 442, 443b. The last of these deals with oven thermostats, automatic oven lighters and dual valves, for use in the manufacture of apparatus designed for cooking with gas.

Mr. Harkness: With respect to this last item which deals with oven thermostats and automatic oven lighters I would point out that this, and the next item, deal with a matter discussed two or three years ago. At that time it was my contention that people who used gas for cooking were being discriminated against, so far as the tariffs charged for gas oven thermostats, controls and that sort of thing were concerned. I notice that in the next item a number of things have been added, and that there are now on the free and the 5 per cent list a number of items which were not on it before. I am glad to see that.

My only comment would be that it has come about three years too late. However I am glad it is now being done. Referring particularly to item 443b, may I say that I cannot

understand why it appears here at all, because the rates are exactly the same as under the old item. These rates are free, 10 per cent and 30 per cent. What is the purpose of having this item in the schedule?

Mr. Benidickson: Perhaps hon. members would consider item 443b and 443d at the same time. I propose to ask the Minister of National Revenue to move an amendment to the proposals in 443d (1) and 443d (2).

I recall that last year the hon. member for Calgary North referred to this item. I think he will find an expansion in the description of gas-operated apparatus that can be included in this category. If the committee is considering both items at the same time I would remind hon. member that there is a wider application in that this time we are considering apparatus for heating water or for refrigeration or in the gas line between apparatus of this kind and the consumer's gas storage device.

Mr. Harkness: I was glad to see that these other devices, the inclusion of which had been asked for in previous years, have now been included. But I still do not understand why item 443b is in at all. What is the change made to bring about its inclusion?

Mr. Benidickson: There is no change. Item 443b is in the budget resolutions because we are deleting the phrase "gas pressure regulators" which from now on will be in 443d.

Mr. Harkness: What does the parliamentary assistant mean when he refers to a gas pressure regulator? Probably it is another name for something with which we are familiar.

Mr. Benidickson: Some of the previous wording in 443b has been deleted. The hon. member will recall the debate last year with reference to thermostats.

Mr. Harkness: Yes, I was coming to that.

Mr. Benidickson: They will be brought into this section. I would ask the Minister of National Revenue to move this amendment.

Mr. McCann: I move:

That schedule A to the Customs Tariff be further amended by striking out tariff item 443d and inserting in lieu thereof the following:

"Item 443d (1) Gas control devices, n.o.p., of a class or kind not made in Canada, for use on, or for the manufacture or repair of, or for conversion to, gas-fired apparatus for cooking, or for heating buildings, or for heating water, or for refrigeration; including such devices when for use in the gas line between such apparatus and the meter, or in the gas line between such apparatus and the consumer's gas storage device; parts of the foregoing; British preferential tariff, free; most-favoured-nation tariff, 7½ per cent; general tariff, 30 per cent.

443d(2)—Gas pressure regulators for use on, or for the manufacture or repair of, or for the conversion to, gas-fired apparatus for cooking, or for heating buildings, or for heating water, or for refrigeration; including such devices when for use in the gas line between such apparatus and the meter, or in the gas line between such apparatus and the consumer's gas storage device; and parts thereof;

(a) When of a class or kind not made in Canada; British preferential tariff, free; most-favoured-nation tariff, 5 per cent; general tariff, 30 per cent.

(b) When of a class or kind made in Canada; British preferential tariff, free; most-favoured-nation tariff, 10 per cent; general tariff, 30 per cent."

Mr. Benidickson: Perhaps I should make an explanation on this item because it is an amendment to the original budget resolutions. As a result of representations by Canadian manufacturers since the budget was brought down it is now proposed by this amendment not to lower the duty on gas-control devices of a class or kind made in Canada. I can assure the committee however that no tariff increase is involved in this amendment as compared with former rates.

Mr. Harkness: Would the parliamentary assistant explain the difference between the devices mentioned in 443d (1) and 443d (2). One of these refers to "gas control devices", and the other to "gas pressure regulators". They are both for the repair of or the conversion to gas-fired apparatus for cooking, or for heating buildings, or heating water. In one instance the duty will be 7½ per cent under the most-favoured-nation rate, while in the other, if made in Canada, it will be 10 per cent, and 5 per cent if not made in Canada. What is the distinction between these two types of devices?

Mr. Benidickson: The first item includes valves, gauges, thermostats and the like.

Mr. Harkness: What would the second item be, then, if one is gas control devices for use on cooking apparatus—

Mr. Benidickson: If they are not made in Canada.

Mr. Harkness: No. I do not think that is right, Mr. Chairman.

Mr. Benidickson: The second one is a form of automatic safety device which has a control.

Mr. Harkness: Does the parliamentary assistant mean by that that these are also a form of thermostat, or are they not thermostats? Are they some other type of thing altogether?

Mr. Benidickson: I understand they are not a form of thermostat.

Mrs. Fairclough: Do I understand that valves, gauges and thermostats are not made in Canada? There is no company in Canada making these devices?

Mr. Benidickson: Would my hon. friend repeat the question?

Mrs. Fairclough: Do I understand that the items covered by 443d (1), which the parliamentary assistant has described as valves, gauges and thermostats, are not made in Canada by any company; that no company in Canada is making these devices?

Mr. Benidickson: Yes; that is one of the reasons why we have slightly amended the original budget proposal.

Mrs. Fairclough: There is no company making them?

Mr. Benidickson: Yes; that is why we have added paragraphs (a) and (b) to make a difference in the tariff rate between the products made in Canada and those not made in Canada.

Mrs. Fairclough: Yes; 443d (1) does not change the tariff rate at all from that contained in the resolution; it is only the description that is changed.

Mr. Benidickson: Yes, but the important words are: "of a class or kind not made in Canada."

Mrs. Fairclough: In the first part?

Mr. Benidickson: Yes, in 443d (1).

Mrs. Fairclough: Yes.

Mr. Benidickson: Of a class or kind not made in Canada.

Mrs. Fairclough: But in 443d, in the original resolution, there are two different classifications as follows: "When of a class or kind not made in Canada" and "when of a class or kind made in Canada."

Mr. Benidickson: Yes, but this is a proposal to amend it.

Mr. Harkness: As I understand it then, 443d (1) is intended to keep in effect the tariff rates which have been in effect rather than reducing them to 5 per cent of the most-favoured-nation tariff from the 7½ per cent, as was done in the original 443d?

Mr. Benidickson: In so far as the products are concerned that are made in Canada, yes.

Mr. Harkness: Well, no, "of a class or kind not made in Canada" is the way in which the thing is headed right at the top. It applies only to a class or kind not made in Canada, and the 7½ per cent, which was in effect right through is being maintained; whereas in the budget resolutions as we originally got them they were going to be reduced to 5 per cent from 7½ per cent.

Mr. Benidickson: In the budget resolutions the hon. member will find that we have proposed to lower the duty on some of these devices, including those made in Canada. The purpose of this amendment is to differentiate and spell out the difference between those made in Canada and those not made in Canada.

Mr. Harkness: It would seem to me that this is a return to the sort of thing that we objected to last year and in previous years. In other words, these items in 443d (1) are the thermostats of various kinds that are used on ovens for cooking and furnaces to heat houses and hot water heaters and things of that sort. In other words, they are devices in common use in large numbers by the general population who make use of gas for cooking and heating. The proposal was to reduce the most-favoured-nation tariff from 7½ per cent to 5 per cent, but now that is being deleted and it is going to be left at the 7½ per cent after this change is made. In other words, it is moving backwards instead of forwards, in my view.

Mr. Benidickson: I do not entirely agree with my hon. friend on this point. I told him there was no increase in duty, and I pointed out to him—

Mr. Knowles: It depends on where you start from.

Mr. Benidickson: Last year's shall we say.

Mr. Knowles: Starting from the moment before the amendment was introduced tonight by the Minister of National Revenue, there is an increase.

Mr. Benidickson: There is a difference there, yes, but starting from last year—and I recall my hon. friend's participation in that debate—I want to assure him that there is a widening here for a greater number of devices that are used in the ordinary sense on domestic usage.

Mr. Harkness: I agree with the parliamentary assistant that there is no increase in duty as from last year, but the thing that I have been complaining about right along is that the decrease in duty which was originally proposed in this budget resolution is being forgotten, and the duty, instead of coming down, is going to remain what it was last year.

Mr. McCann: The item is broken down and on part of it the duty remains the same.

Mr. Harkness: The point I was making is that the very item on which the duty should come down, and which we have been urging for two or three years it should come down, namely, the thermostats which are used in

large numbers by the housewife, consumers of this country, on ovens, furnaces, and water heaters, is the very one which is not coming down. On those regulators, which I presume would be mostly used by gas companies and people of that sort so far as getting the gas from the main into the consumer's house is concerned, the duty is coming down; but the ones that the ordinary taxpayers are interested in are the very ones on which the duty is not coming down; it has been left the way it was.

Mr. Benidickson: Certainly, gas pressure regulators not made in Canada are being reduced by this budget.

Mr. Harkness: It is not gas pressure regulators I am talking about; it is the thermostats that are put down here as gas control devices under 443d (1).

Mrs. Fairclough: May I ask the parliamentary assistant whether I am correct in assuming that the first half of the original 443d is covered in 443d (2), because some of these items are made in Canada, and some not; whereas the second half of 443d is now 443d (1), because none of these items are made in Canada? Is that correct?

Mr. Benidickson: I can simply say that on these items in both sections that are not made in Canada the duty is not being reduced.

Mrs. Fairclough: It looks like that now that I have had the opportunity of looking it over. It looks as though you have split the resolution in two. The second half of the original resolution is now covered in 443d (1) and the first half in 443d. The items covered by 443d (1) are not manufactured in Canada. Therefore the second rate does not apply.

Mr. Knowles: May I ask the parliamentary assistant whether the items referred to in 443d (1) as set out in the amendment have been coming in from the United States at 5 per cent since April 6?

Mr. Benidickson: Yes, if they have been ruled as not made in Canada.

Mr. Knowles: In other words, as compared with the rate from April 6 down to today an increase is now being proposed?

Mr. Harkness: In connection with this first item again, these gas control devices, thermostats for household use, if they are not made in Canada this applies only to them. Why is there any duty on them at all? Why not let them in free and thereby save the householder a certain amount of money?

Mr. Benidickson: They are free of course under the British preferential tariff.

[Mr. Harkness.]

Mr. Harkness: The point is that most of them do not come from Britain; most of them come from the United States or from other areas and they are charged a duty.

Mr. Knowles: The Liberals are putting up the tariffs, and the Tories are objecting!

The Chairman: Shall the amendment carry?

Mr. Harkness: No, I am waiting for an answer to the same question. Under 443d there is an item which says: "when of a class or kind not made in Canada". Why revise the most-favoured-nation tariff from 7½ per cent to 5 per cent if it is not made in the country? This is an item which is used almost exclusively in domestic cooking and house heating on the consumer level. Then, why raise the tariff?

Mr. Benidickson: Well, my hon. friend will recognize that these are all matters that are subject to review in the new negotiations we will have under way.

Mrs. Fairclough: But why the negotiations? These articles are not competing with any Canadian manufactured articles. My word, the government has been very reluctant to give any protection to Canadian industry when they did not really have to protect Canadian industry. Why not lower the tariff?

Mr. Benidickson: The seven and a half per cent is not a high rate of duty and my hon. friend is one of those who thinks that is a small level of protection.

Mrs. Fairclough: The parliamentary assistant does not have to tell me what I think.

Mr. Harkness: Mr. Chairman, as I see it there is no question at all of protection on these particular articles. They are articles which are not made in Canada, nor in Great Britain, and I do not think they are made in any other country, because they do not use gas heating, and therefore the only effect of retaining this duty at 7½ per cent in this case, instead of reducing it to 5 per cent as was originally intended, is to cause the householder to pay more than he would otherwise for the installation of these devices. There cannot be any question of protection involved because it is only in the case of the devices not made in Canada that this applies. The only purpose I can see for retaining it would be for revenue purposes. If that is the government's answer then well and good, but the question of protection which has been raised by the parliamentary assistant has no bearing on this matter and it is the householder who is being penalized.

Mr. Benidickson: I think hon. members are overlooking the intent of this sub-item which is to reduce the effective tariff from 7½ per cent to 5 per cent on the items in this category which are not made in Canada.

Mr. Harkness: But, Mr. Chairman, that is the very point we have been over time and time again. It is not reducing but leaving the 7½ per cent as it is. The only thing which is being reduced is the tariff on such items as gas pressure regulators which, as far as I understand from what the parliamentary assistant said, are really installed by the gas company to ensure that when the gas reaches the house it remains at a constant pressure, but thermostats and things like that for which the householder has to pay are not being reduced.

The Chairman: Shall the amendment carry?

Mrs. Fairclough: No, Mr. Chairman. Apparently the government first of all decided that they would reduce the tariff on these items from 7½ to 5 per cent and now they have changed their minds and decided to put it back to 7½ per cent.

Mr. Benidickson: Just on part of them.

Mrs. Fairclough: But why? That is just the part I am talking about.

Mr. McCann: To induce people to make them in Canada.

Mrs. Fairclough: But they are not being made here.

Mr. Benidickson: But we are doing this to induce people to make them in Canada.

Mrs. Fairclough: But I would like an answer to this, Mr. Chairman. First of all the parliamentary assistant said this item was not being made in Canada and now he says the tariff is being increased to induce people to make them in Canada. I would like to know what the position is.

The Chairman: Shall the amendment carry?

Mrs. Fairclough: No, Mr. Chairman, let us have an answer.

Mr. Knowles: While we are waiting for an answer I would like to make a brief comment on this, but first of all I cannot help wondering who are the protectionists in this house.

Mr. Harkness: There is no question of protection involved.

Mr. Knowles: May I ask the parliamentary assistant who asked the government to raise the tariff on these gas control devices when they are imported from the United States from the figure of 5 per cent, which has been in effect since April 6, to the figure of 7½ per cent now proposed.

Mr. Benidickson: There is no increase in the rate here, Mr. Chairman, compared with last year.

Mr. Knowles: I recognize that but there is an increase in the rate compared with what has been in effect from April 6 down to the present time. Despite the fact that this is a rather complicated piece of paper to put in front of us we know what is going on. In 443d as proposed by the Minister of Finance on April 6 there were certain reductions made, generally speaking, in respect of two groups of devices, namely gas control devices and the gas pressure regulators. Now an amendment separates these two groups into two separate tariff items. The group under the general heading of gas pressure regulators stays as it was established by the Minister of Finance in his resolution of April 6. The other group, gas control devices, has been put back to what it was prior to April 6. In that case, where they are imported from the United States, the tariff, which was 7½ per cent prior to April 6, has been 5 per cent from April 6 down to today and is now being raised to 7½ per cent. My question is, who has asked for this increase from 5 per cent, as it has been since April 6, to 7½ per cent from now on?

Mr. Benidickson: We are now back to the rate of last year, Mr. Chairman.

Mrs. Fairclough: But why?

Mr. Knowles: I know, but why? I think I have described the matter as effectively as the parliamentary assistant but I am asking the question, who asked for it?

Mr. Philpott: He is making it as clear as mud.

Mr. Knowles: The hon. member for Vancouver South is perfectly correct. He is making it as clear as mud.

The Chairman: Shall the amendment carry?

Some hon. Members: No.

Mr. Benidickson: Mr. Chairman, if the article is not made in Canada then hon. members by reading item 443d, paragraph 1, will realize that it is not of material consequence in this argument.

Mrs. Fairclough: Mr. Chairman, I disagree. I think the hon. member for Calgary North is right. It is of consequence to the people who use these devices if you are going to slap on another 2½ per cent, which is what the government is now doing. First of all the government decided they were going to reduce it from 7½ to 5 per cent. There is no competition with Canadian manufactured articles. Now for no reason that the parliamentary assistant has so far put forth it is being put back from the original 5 per cent to 7½ per cent. What we want to know is why. Give us a reason.

Mr. Benidickson: I find these pretty involved matters. There are some 900-odd items as hon. members know in this Customs Tariff schedule and they are usually divided into subheadings (a) (b) (c) (d) and so on, and I am informed that the point raised is not going to change the general effect of what is proposed. I would agree to the change to 5 per cent.

Mrs. Fairclough: In other words, you will put this back to 5 per cent again?

Mr. Benidickson: In so far as these things that are not made in Canada are concerned; yes.

Mrs. Fairclough: In any event, item 443d will now read "most-favoured-nation tariff, 5 per cent". Is that the case?

Mr. Benidickson: Yes.

Mrs. Fairclough: We go along with that.

Mr. Benidickson: Will the Minister of National Revenue recommend that?

An hon. Member: Now you have it; now you don't.

The Chairman: Order. Do I understand that, by leave, the amendment proposed by the Minister of National Revenue in respect of item 443d(1) shall now read in part: "British preferential tariff, free; most-favoured-nation tariff, 5 per cent; general tariff, 30 per cent"? Is that agreed?

Some hon. Members: Agreed.

Mr. Benidickson: Mr. Chairman, could we carry the amendment as amended?

The Chairman: Is it the understanding that the amendment shall read in that way? Shall the amendment carry?

Mrs. Fairclough: Mr. Chairman, I am quite in agreement but do you realize what we have done? We have gone right back to the way it was originally.

Mr. Benidickson: No; because there is a division in the recitation of the description.

[Mr. Benidickson.]

Mrs. Fairclough: It means the same thing, does it not?

Mr. Benidickson: No; not so far as products are concerned that are not made in Canada.

Mrs. Fairclough: Mr. Chairman, I am not going to try to argue on an item which was just handed to me and which is of a highly complicated nature. With this amendment taking the tariff back to 5 per cent I am quite satisfied.

The Chairman: Shall the amendment carry?

Mr. Zaplitny: Before the amendment carries, may I say this. The question raised by the hon. member for Calgary North is an important one. It refers not only to this item but to all the other items with respect to which there is a tariff on goods of a class or kind not made in Canada. His question was this: If no element of protection is involved, what is the reason for the tariff at all on goods of a class or kind not made in Canada? If it is a matter for raising revenue, then of course it is an additional tax and we should be so informed. So far that question has not been answered. What is the purpose of the tariff on a class or kind of goods not made in Canada?

Mr. Benidickson: The answer is that it has some revenue value and also might encourage industry to produce this product in Canada.

Mr. Zaplitny: An additional tax.

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

The Chairman: Shall we now proceed to a discussion of the items on page 14 consisting of—

Mr. Knowles: Before you leave that page I should like to ask a question.

The Chairman: On page 13?

Mr. Knowles: Yes. I should like to ask a question about item 440i. I notice that by this item the government proposes to make duty free, when they are used for the purposes of the government, flanged and dished steel boiler plate heads over five feet in diameter. I have no objection to these things being made free, but if the parliamentary assistant will refer to item 380c of the tariff schedule he will note that plates of iron or steel, hot or cold rolled, flanged, dished or curved, not otherwise provided, are dutiable at rates of 5 per cent, 22 per cent and 32 per cent. My question is this—

Mr. McCann: What number is that?

Mr. Knowles: Item 380c. I am comparing what is being provided under 440i in the resolution before us with what is in item 380c which is not before us.

Mr. McCann: In the tariff?

Mr. Knowles: That is right. My question is this. If these items are being made free of duty when they are imported for use by the government, why should not comparable items be made free of duty generally?

Mr. Benidickson: The proposed change here is because the articles in question are for government purposes for navigation.

Mr. Weir: Mr. Chairman, if we are going to have discussion on several items and are going to reconsider certain items, may I say that I have an item that I should like to have considered. It is in connection with item 446 but it is not item 446k which is mentioned here. Rather it is item 446a which is not in the budget resolutions that are being considered at the present time. This item has to do with—

The Chairman: Order. I do not believe we have reached that page yet.

Mr. Weir: I thought you were proceeding from items 443d right down the line.

The Chairman: Do I understand that discussion on page 13 has terminated?

Mr. Knowles: No. I do not want to interrupt the hon. member for Portage-Neepawa, but having regard to that page I must say that I do not think the parliamentary assistant answered my question. He just stated it over again. I recognize that these things are being made duty free when they are brought in for government use. All right. If they can be made free for government use, why could they not be made free for private use?

Mr. Benidickson: Free entry is for very restricted purposes for government purposes.

The Chairman: Have we completed our discussion on page 13?

Some hon. Members: Agreed.

The Chairman: Shall we then pass on to page 14 comprising items 443d, 445r, 446k, 451 and 453a?

Mr. Weir: Mr. Chairman, my reference is to item 446. It really has to do with item 446a which of course is not mentioned here but I think perhaps the point I have to make is applicable. It has to do with what they call an eviscerating machine for the purpose of assisting in the dressing of poultry. It is a new development largely completed in the United States and is dutiable in this country at 22½ per cent. Our poultry trade are conscious of a likely large production of poultry this year. They find that the poultry plucked and dressed with this new equipment from the United States is coming in, in competition with them in Canada. They feel that they should be entitled to whatever assistance can be given them by having this particular tariff item reduced so that they can get it, as the case would be, at 7½ per cent. I know there are some people who contend that the equipment is manufactured in Canada. May I say that it is a highly specialized type of equipment and has to do with all this fancy dressed poultry that we see on the market at the present time. While it is manufactured in Canada to a limited extent, my information is that it is not manufactured nearly to the extent that it is required at the present time, and that it is not as well made in Canada as it is in the United States. In other words, it is made for certain specialized classes of poultry but not for general use. That being the case, the trade feel that the Canadian manufacturer is not in a position to make this equipment in the quantities or of the efficiency that is required in the trade in order to compete with what is being done in the United States at the present time.

I confess that I have had long discussions with officers of the department as well as with the parliamentary assistant over this item and I am urging this request on him. I had hoped that something could be done this year in the budget resolutions with respect to the matter. I certainly think this is an item as to which we are justified in having a reduction made in the tariff. I hope the parliamentary assistant will keep that matter in mind and if it is possible to work anything in to bring about this added assistance, I hope what is requested will be done.

Mr. Benidickson: My hon. friend brought this matter to the attention of the department but I think he will be the first to acknowledge that the industry itself was rather late, in so far as budget arrangements are concerned, in drawing this matter to our attention.

The Chairman: Have we completed discussion on page 14? If so we shall pass on to page 15, comprising items—

Mr. Lennard: No. What is the number of the item that has just been discussed? Is it item 446k?

Mr. Weir: The item I had in mind was 446a.

Mr. McCann: It is not in there at all.

Mr. Benidickson: It is not there.

The Chairman: I understood the hon. member was discussing 446k. Is there any further discussion on page 14?

Mr. Harkness: Yes, the last item, 561. This is another case where there appears to be no change whatever between the old tariff and the proposed tariff. It is exactly the same but there is a little note underneath which reads "woven fabrics containing 5 per cent or less, by weight, of synthetic textile fibres", and the word "fibres" is in a different kind of type. Therefore I presume that has been inserted and that is the only reason why this item is there. Would the parliamentary assistant tell us what the significance of the addition of the word "fibres" is?

Mr. Benidickson: I am informed that it is advisable that there be a substitution of the word "fibres" for the word "yarn" simply as a matter of trade practice.

Mr. Harkness: The word "fibres" instead of "yarn"?

Mr. Benidickson: That is correct.

Mr. Harkness: That is the only reason for this item being here?

Mr. Benidickson: Yes.

Mr. Knowles: With respect to item 480a, may I ask the parliamentary assistant to comment on the few words I said with regard to this item when we were at the general discussion stage. I note by comparing the figures on the righthand side of the page with those in the middle that there has been a move in the direction of reducing the tariff on invalid chairs. Would this not be a good item to make free right across the board?

Mr. Benidickson: I do not think my hon. friend expects me to comment on the latter part of his remarks, but I do want to explain to him that due to the change it is now possible to bring in certain accessories of these chairs, and certain other parts thereof are made in Canada.

Mr. Knowles: Am I correct in reading this as meaning that there has been some reduction? In other words, it formerly read "British preferential tariff, free", and then 15 per cent which is now free, and that that is a reduction right across the board?

Mr. Benidickson: A reduction across with respect to the items in italics.

Mr. Knowles: And the same answer the parliamentary assistant has just given applies to the 10 per cent and 25 per cent in the middle column which comes down to 10 per cent?

Mr. Benidickson: Yes, that is right.

[Mr. Benidickson.]

Mr. Knowles: And the same with respect to the general tariff. If I cannot get a comment out of the parliamentary assistant I will certainly make my own. It does seem to me that invalid chairs should not be subject to duty. It is a crying shame that we have as many taxes as this government has imposed on the cost of being ill or being an invalid or a cripple or handicapped in any way. It does seem to me it is a duty that ought to be removed.

Mr. Trainor: This item seems to be related to the one I raised some time ago. I must say that the parliamentary assistant has not yet given me a satisfactory answer as to just why the government proposes to tax crippled children with respect to orthopedic shoes, and I should like to know why. It must be solely the question of revenue. Consequently it is a tax. Would the parliamentary assistant be good enough to give me an answer to that question?

Mr. Benidickson: Both the former item referred to by the hon. member for Winnipeg South and this item are free if purchased in Great Britain, but it is true that there are certain low levels of tariff for revenue purposes.

Mr. Trainor: Does the parliamentary assistant know that these shoes are available in Britain? I do not know that they are available under the same easy circumstances, so far as the doctor is concerned, as they are from the United States. It is a very simple matter to bring them in from the United States. They are freely available there in every conceivable size. If this is purely for revenue then it is a tax on crippled children, and I wonder whether the government is prepared to concede as a principle that they will tax crippled children. It is just as plain as that.

Mr. Benidickson: I think my hon. friend is stretching the language a little bit because he knows that I indicated an interest in this particular item and drew it to the attention of the Minister of Finance, although rather late so far as the budget discussions are concerned. I assured him that it would have continued interest.

Mr. Trainor: That is why it is inconceivable to me that in these circumstances consideration should not have been given to this before now.

The Chairman: Shall we now pass on to page 16 which includes items 569d, 579, 618b and 660a?

Mr. Benidickson: I should like to propose an amendment with respect to item 579.

Mr. Knowles: Which way, up or down?

Mr. Benidickson: I think that the Minister of National Revenue will propose this amendment.

Mr. McCann: I move:

That the words "the component of chief value being wool" be deleted from subitem (2) of item 579, and that the following words be inserted in lieu thereof:

the component of chief value being woven wool fabric weighing over twenty-five ounces per square yard."

Mr. Knowles: Could we be informed as to the effect of this amendment?

Mr. Benidickson: My hon. friend asked whether it is up or down. This is in effect a lowering of the tariff.

Mr. Knowles: Would the parliamentary assistant explain it? Obviously there is no change in the rates, but since the rates under 579 (2) are a little lower than the rates under 579 (1) that means that we are interested in the definition of 579 (2). Item 579 (2) provides lower rates and therefore I should like to know whether this change in definition brings more articles under 579 (2) or limits the number of articles that come under 579 (2).

Mr. Benidickson: I think it brings fewer articles under it. The real point of this item is that it is one of those cases where the attachments or parts that go into the machines were assessed at the rate of the primary machine.

Mr. Knowles: Taking the parliamentary assistant's own words, if this brings fewer articles under the definition to which is attached the lower rates, where are the other articles? They must be under some other definition to which is attached a higher rate. This is typical of the way these tariff items work.

Mr. Benidickson: This is an item connected with wool fabric used for special buffing purposes, and it is required in an industry where buffing is required, I think it is the steel cutlery industry. This is a concession to that industry to enable them to bring in this specific type of woollen fabric at a lower rate of duty than heretofore.

Mr. Macdonnell: Just as a piece of education in tariff making, could the parliamentary assistant tell us why there is a difference between the 25 per cent in item 579 (1) and the 10 per cent in 579 (2)?

Mr. Benidickson: Based on the question of whether or not it is a fabric that is made in Canada or not made in Canada.

Mr. Harkness: Referring to item 569 (1) and (2)—

The Chairman: I wonder if I perhaps should complete item 579 before the hon. member proceeds to another item? Shall the amendment proposed by the Minister of National Revenue to item 579 carry?

Amendment agreed to.

Mr. Harkness: This item 569d (1) and (2) refers to materials for making men's hats, particularly the bands which go around the outside of the hat and to some extent the ribbon that is used around the outside edge of the hat to give it a bound edge. The effect of the two items is to put all this material on the free list, no matter from where it comes. Can the parliamentary assistant tell us whether any of this ribbon is manufactured in Canada?

Mr. Benidickson: I am not aware that there is, and the only difference in this item, as I recall it, is the question of the measurement of the band. I believe there is a change in the stipulation from two inches to three inches.

Mr. Harkness: Well, it is more than that, Mr. Chairman, because under the old tariff the rate of duty varied from 3 to 22·5 per cent under the British preferential rate and from 3 to 25 per cent under the most-favoured-nation rate, and from 3 to 35 per cent under the general tariff. Now, it is all free. I raise the question particularly in view of a previous item we were discussing where there was nobody to be protected, and still the duty was not removed. I am wondering whether in this case there were people to be protected, and the duty had been removed and the material put on the free list.

Mr. Benidickson: Yes, Mr. Chairman, but as I indicated under the former provision we had free entry if the hat band was two inches in width. If it were greater then the second line in the schedule to which my hon. friend referred would have applied. Now, they will be all on the free list.

Mr. Harkness: The width has been increased from two inches to three inches and the 22·5 per cent, the 25 per cent and the 35 per cent duties have been removed, so far as I can see. I still come back to my first question, as to whether any of this ribbon is manufactured in Canada?

Mr. Benidickson: No.

Mr. McCann: There is only $10,000 worth imported in a year.

Mr. Harkness: On this same page there is item 618b, tires and tubes, wholly or in part of rubber. Paragraph 1 of that item relates to the various types of agricultural equipment. Do all these various tariff items which

were mentioned concerning agricultural implements take in all the agricultural implements that have rubber tires?

Mr. Benidickson: I believe the only change of significance in this item, Mr. Chairman, is that the word "equipment" is being substituted for the word "replacement". The change is made in order to facilitate administration. Hon. members will recognize that the word "replacement" was rather restricted and we are widening it to "equipment" generally.

Mr. Harkness: I am correct, am I not, in understanding that the item relates to any tires and tubes imported into the country for use on agricultural machinery, and that they come in duty free?

Mr. Benidickson: In a general way so far as this item is concerned. I assure my hon. friend that this is a widening for the agricultural community.

Mr. Harkness: I would hope it might be a widening. I wondered whether these various items mentioned, 409b, 409c, 409d, and so on covered all the agricultural equipment that normally runs on rubber tires?

Mr. Benidickson: Generally speaking, yes.

Mr. Harkness: Then we come down to paragraph 2 of this item, n.o.p.; does that relate to tires and tubes other than for use on agricultural machinery, that is for automobiles and so on?

Mr. Benidickson: Yes.

The Chairman: Shall we now pass on to page 17 comprising items 696, 696a and 703?

Mr. Knowles: May I comment on item 696a? Obviously, there is no change in the rate of duty here because it is free across the board. The change is in the wording of the description of the item. The first part of it reads:

> Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound discs, records and transcriptions; models, static and moving; wall charts, maps and posters; when certified by a recognized representative authority of the government of Canada—

Those last words are the words that have been added. Can the parliamentary assistant say who is or who will be the recognized representative authority of the government of Canada for purposes of passing on these items?

Mr. Benidickson: This provides an alternative certification in so far as Canada is concerned, in the absence of certification on the part of the exporting country. Until this legislation is passed there is no one, but I would imagine it would be the national film board.

Mr. Macdonnell: What is the significance of the word "certified"? Certified to be what?

Mr. McCann: They used to have to be certified by the United States but they have discontinued that.

Mr. Benidickson: The United States has shown some reluctance to perform this function, and therefore the importing country should probably have something of its own.

Mr. Knowles: Whenever the necessity arises the agency likely to speak for the government of Canada in this connection will be the national film board?

Mr. Benidickson: It is likely.

The Chairman: Shall we pass on to page 18?

Mr. Macdonnell: I may be dense, but I still do not quite understand what it is that is certified. Certified to be what?

Mr. Benidickson: Certified for a lower rate of duty.

The Chairman: We shall turn to page 18, items 704 and 705a.

Mr. Harkness: Item 705a relates to settlers' effects. Is it restrictive or is it a broadening in setting the value of $2,500 on a car for which duty does not have to be paid? If the automobile is valued at more than that, the duty has to be paid.

Mr. Benidickson: This is a broadening, Mr. Chairman.

Mr. Harkness: What was it before?

Mr. Benidickson: It was $1,500.

The Chairman: On page 19, we find items 708b and 848.

Mr. Pearkes: Under item 708b do the goods to be exchanged have to be from the same country? If goods are sent to us, we will say from France, do the goods coming back have to be from France?

Mr. Benidickson: My hon. friend, I know, is interested in defence matters. In recent years, under NATO and other arrangements, there have been certain exchanges of goods. Some of those have been gifts. Some have been subject to certain accounting. Sometimes the recipient country is loath to see added the value of the goods sales taxes or import duties. This is a forsaking of that principle.

Mr. Pearkes: In other words it would have to be a direct exchange between country and country—not a three-way exchange?

Mr. Benidickson: Yes.

The Chairman: Then, have we completed the discussion of page 19?

Mr. Benidickson: No, Mr. Chairman. The Minister of National Revenue has an amendment to move to item 710 (b).

Mr. Knowles: It is not included in the schedule.

Mr. McCann: I move:

That schedule A to the Customs Tariff be further amended by adding the following paragraph to item 710(b):

"If, in the case of sales of like goods by the exporter in the ordinary course of trade in the country of export, the value of the usual coverings is included in the invoice value of the goods they contain, then for the purposes of this item the value of the usual coverings shall be added to and be deemed to be included in the invoice value of the goods they contain and be deemed not to be charged separately on the invoice;"

That refers to the packaging.

Mr. Benidickson: Perhaps I should make an explanation. Item 710(b) is being changed to make clear that when goods are normally sold in the country of export as a package, the coverings of these goods are dutiable under 710(c). The House of Commons will recall that sales and excise tax laws were changed by us last week to require the payment of taxes on the packaging of goods subject to these taxes, whether the goods are imported or manufactured in Canada. This is a corresponding change in the tariff.

Recently some exporters abroad have been invoicing such goods as, for instance, chocolate confectionery, canned soups, lubricating oils and perfumes in small bottles, with the value of the containers shown separately from the value of the goods, thus taking advantage of the low rate on containers under item 710(b).

This is considered an abuse which was not foreseen when item 710(b) was drafted. The amendment will make it clear that tin cans, for instance, containing soup, and other such containers, are clearly dutiable at the same rate as the goods they contain, as provided under item 710 (c), if that is the prevailing practice in the country of export.

Mr. Pearkes: Is the actual material placed around the tin cans or the bottles still taxable?

Mr. Benidickson: If shown separately, hitherto it has been taxed at 7½ per cent.

Mr. Knowles: As a matter of procedure does this not have to be treated as a new item to be inserted in the resolution before us? The schedule does not contain any reference to item 710.

Mr. Benidickson: My hon. friend is correct; but he knows a decision has been in operation for some years to the effect that this is a resolution, as a whole. I do not want to remind him of any specific instance, but this is not new. Last year his leader made inquiry about a certain item, and an amendment similar to this was made.

Mr. Knowles: I think the parliamentary assistant misunderstood me. I am not objecting to the item, but I do say that there should be an amendment to the schedule, not an amendment to item 710(b), because that item is not before us.

Mr. Benidickson: I suggest we are considering the schedule as a whole. The proposal advanced by the Minister of National Revenue is a specific amendment to the schedule, namely a change in item 710(b).

Mr. Macdonnell: The point the hon. member for Winnipeg North Centre is making is that so far as we are concerned item 710(b) is not before us. Would it not be sensible to have a substantive motion putting it in the schedule? We cannot deal with something that is not there.

Mr. Benidickson: Did not my hon. friend receive the usual written notice that is given to hon. members?

Mr. Knowles: What is before us is not the whole schedule to the Customs Tariff. What is before us is the schedule the Minister of Finance put on *Hansard* on April 6. All I suggest is that the item the Minister of National Revenue wants to have inserted as 710(b) should be put in this schedule between two items we have in it, namely item 708b and 848.

Mr. Benidickson: The hon. member will recall that we had a discussion on this very point before any of these resolutions were discussed, and we decided as a result of the precedent established in 1951 that we were dealing in these matters with, shall we say, a resolution in chief.

Mr. Knowles: All right; how do we amend the resolution in chief?

The Chairman: May I point out that the resolution provides for the striking out of certain tariff items and the insertion of others in their place. While this discussion has been taking place I notice that item 579 is to be inserted in the schedule but that it does not appear in the resolution. I was wondering if the parliamentary assistant con-

siders it should be added, and if he has considered the proper course to take with regard to the amendment now offered by the Minister of National Revenue.

Mr. Benidickson: Mr. Chairman, I would read what I have described as the resolution in chief, which is now before the committee. It reads, in part:

> Resolved, that schedule A to the Customs Tariff be amended by deleting therefrom the following enumeration of goods and rate of additional duty of customs—

And so on. I submit that this is not an unusual amendment. I do of course refer to the fact that last year the same thing was done, and I believe a record of it will be found at page 3092 of *Hansard* for March 19, 1953. The item in which my hon. friend's leader was interested at that time was 409(f).

Mrs. Fairclough: I must admit there is something to be said for changing the wording of this resolution. Inasmuch as there is no 710 (b) in schedule A it seems to me you can scarcely amend it by adding to an item that is not there. Therefore, it would seem to me it would be sensible if the resolution read that schedule A of the items be further amended by inserting the following paragraph between 708 (b) and 848. It is really an addition to schedule A; it is not a case of amending a paragraph that is already there.

Mr. Benidickson: I think my hon. friend would like some illustration of what is involved in this proposal. We have received certain representations from the Canadian Horticultural Council. For instance, they pointed out that as a result of a recent decision by the tariff board, I think prior to Christmas of last year—

Mrs. Fairclough: Mr. Chairman—

Mr. Benidickson: I will come to my hon. friend's point. They pointed out that as a result of a recent decision by the tariff board, an item like lettuce, shall we say, is normally sold in the United States in crates, and the exporter proposes that by taking advantage of tariff item 710 (b) they might invoice the lettuce and the crates separately. There is a difference in rates. I think the rate in the case of the produce will be 10 per cent, and the rate in the case of the packaging will be 7½ per cent. There are other illustrations. I do not think any hon. member would think that we would want to have in our schedules a wording that would provide, let us say, an import rate on canned soup that was considerably less for the can than for the soup, particularly if tin cans brought in separately had a high rate of duty. That is the purpose of the amendment. I think generally I answered my hon. friend's question when I pointed out that this was not an unusual amendment to a schedule in the Customs Tariff.

[The Chairman.]

Mrs. Fairclough: No one is arguing that the content of the amendment is not all right; we all agree with it. After all, I suppose we might as well save our breath because it is the parliamentary assistant's worry whether the thing is worded properly. I am merely pointing out that it seems foolish to amend a paragraph that is not in the schedule to begin with. It is merely the wording of the preamble.

Mr. Benidickson: We are amending an item that is referred to in the schedule.

Mrs. Fairclough: The minister says he is amending by adding the following paragraph to item 710 (b). Item 710 (b) is not in schedule A.

Mr. McCann: It is in the Customs Tariff.

Mrs. Fairclough: It is not in these resolutions.

Mr. McIlraith: It is in the Customs Tariff.

Mr. Macdonnell: We are not dealing with the Customs Tariff.

Mr. McIlraith: We are amending a resolution which amends the Customs Tariff.

Mr. Benidickson: The first words of the Minister of National Revenue were:

> I move that schedule A to the Customs Tariff be amended.

Mrs. Fairclough: Yes.

Mr. Knowles: Let us amend the Post Office Act while we are at it. It is not before us either.

The Chairman: Is it the pleasure of the committee to adopt the amendment?

Amendment agreed to.

Mr. Knowles: What page are you on now, Mr. Chairman?

The Chairman: We are on page 20 comprising items 1044 and 1052.

Mr. Knowles: Just a minute; I want to go back to something before we deal with this. I want to go back to item 848 (3) and ask the parliamentary assistant what is a seamless, lapwelded and electric welded iron or steel casing, tube and drill pipe, of a class or kind not made in Canada, and what is a seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe, of a class or kind made in Canada?

Mr. Benidickson: Before we come to the answer to that question may I ask the Minister of National Revenue whether he will move an amendment to item 848 (2)?

Mr. McCann: I move:

That the words "machinery and apparatus and parts thereof (including motive power)" be deleted from sub-item (2) of item 848, and the following words be inserted in lieu thereof:

"Machinery and apparatus and parts thereof (including motive power) of a class or kind not made in Canada."

Mr. Benidickson: It has been found that some sizes are made in Canada, but generally this is a lowering of duty from prevailing rates. There are no increases.

Mr. Knowles: Do I understand from what the parliamentary assistant says that the distinction between class or kind made in Canada and class or kind not made in Canada is on the basis of size?

Mr. Benidickson: To a degree, basically determined upon whether or not it is made in Canada. We found it possible to define the item after knowledge of what is made in Canada.

Mr. Knowles: But you are introducing size as a basis of distinction. Even with the qualification that the parliamentary assistant spells out now, is that not a departure from the usual practice of the department?

Mr. Benidickson: This is no change in principle. It is generally an attempt to define things in such a way that we can decide between one and the other.

Mr. Knowles: But this is definition in terms of size. That will prove very interesting to the tariff board.

Mrs. Fairclough: Does this mean that for machinery and so on made in Canada the old rates will apply?

Mr. Benidickson: Yes.

Amendment agreed to.

The Chairman: We shall now turn to page 20 and deal with items 1044 and 1052.

Mr. Benidickson: There is another new item not numerically mentioned in the schedule. I would again ask the Minister of National Revenue to indicate the change.

Mr. McCann: I move:

That item 908 of schedule A to the Customs Tariff, at present providing for "manufactures of synthetic resins, n.o.p." be amended to read:

908. Manufactures of synthetic resins including floor and wall tile containing synthetic resin, n.o.p.

British Preferential Tariff	Most Favoured-Nation Tariff	General Tariff
15 p.c.	20 p.c.	30 p.c.

The Chairman: Shall the amendment carry?

Mr. Benidickson: I think hon. members would appreciate something on the record with respect to this proposed change. The Minister of National Revenue moved an amendment to item 908. That item provides for the manufactures of synthetic resins not otherwise provided at rates of 15 per cent under the British preferential tariff, and 20 per cent under the most-favoured-nation tariff. This item is now being worded to clearly indicate that floor and wall tiles are properly dutiable under this item. Until last November floor and wall tiles containing a plastic binder of synthetic resin were classified under item 711 at a most-favoured-nation rate of 20 per cent. In November the Department of National Revenue reclassified these tiles under various items covering plastics. These items have been set up by the budget as a result of a report of the tariff board. The change in item 908 will restore the rate of duty which applied before last November.

Mrs. Fairclough: Mr. Chairman, do I understand that the general tariff of 30 per cent is the same as before?

Mr. Benidickson: Yes.

Amendment agreed to.

The Chairman: Page 20, items 1044 and 1052. Shall these resolutions as amended carry?

Mr. Benidickson: Mr. Chairman, on item 1044 I would again ask the Minister of National Revenue to move an amendment.

Mr. McCann: Mr. Chairman, on item 1044 I move that the word "basic" be deleted therefrom.

Amendment agreed to.

The Chairman: Shall these resolutions as amended carry?

Mr. Benidickson: Mr. Chairman, I am sorry but I have a great amount of detail here and I am a little behind. With respect to drawback item 1052 I would again ask the Minister of National Revenue if he would move an amendment.

Mr. McCann: Mr. Chairman, item 1052 deals with automobiles and machinery. I move:

That schedule B to the Customs Tariff be further amended by striking out from drawback item 1052 the following words:

Machinery and precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels for use with the aforementioned machinery; precision instruments and apparatus; all the foregoing, either

new or used, of a class or kind not made in Canada and all parts thereof, not including consumable tools.

And by inserting in lieu thereof the following words:

Machinery, precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; all of the foregoing, either new or used, of a class or kind not made in Canada; accessories and attachments, including control panels, for use with the aforementioned machinery and precision instruments and apparatus; parts of all the foregoing, not including consumable tools.

Mr. Benidickson: Mr. Chairman, this is only a broadening of the item.

Amendment agreed to.

The Chairman: Shall these resolutions as amended carry?

Some hon. Members: Agreed.

Resolutions agreed to.

INCOME TAX ACT

The Chairman: Shall we now revert to the resolution on the Income Tax Act? We were discussing paragraph 6 and the new paragraph 7.

Mr. Macdonnell: Is the parliamentary assistant going to make any comment on the request made of him?

Mr. Benidickson: Yes, Mr. Chairman. I propose to say this. The income tax resolution we discussed this afternoon was allowed to stand following the objection raised by the hon. member for Eglinton, and some other hon. members referring to what was described as retroactive features in paragraph 6 of the resolution dealing with mutual insurance companies, other than life insurance companies.

In the case of resident companies the proposed amendment applies, as is customary, to the beginning of the current year. For non-resident companies the amendment will apply to previous years as well. This policy was questioned this afternoon and I should now like to repeat and to some extent amplify the explanation I gave this afternoon for this difference in treatment.

The difference arises out of the different way in which residents and non-residents have been taxed in the past and will be taxed in the future. Domestic companies have been and will be taxed on possibly both underwriting profits and investment income. Foreign non-residents have been taxable only on underwriting profit in Canada and not on investment income which has been regarded as earned by head office outside Canada. The effect of the Stanley Mutual decision was that underwriting profit was not taxable. It did not decide that investment income was exempt.

The result is, therefore, that while the non-residents who are taxed only on underwriting profits would escape Canadian tax completely, the domestic companies still remain taxable during the period 1951 to 1953 on their investment income. In some cases this tax will be greater than it would have been in the absence of the Stanley Mutual decision where they had an operating loss.

It seemed scarcely fair, therefore, that domestic companies should remain liable for tax during the 1951-53 period, while non-residents, through being taxed on a different basis, should escape tax completely. Accordingly, the new amendment was made to apply so that no company should escape tax completely in the past years.

Non-resident companies operating generally, I believe, in the large industrial centres have accepted the Canadian tax regime and in the past have paid our taxes without question. The Stanley Mutual case arose in an entirely different milieu. It was a small local company and other groups were interested and they all wanted to test the features. So far as I know, non-resident companies, whose main interests are not directly competitive with farm mutuals, were on the sidelines. In view of this fact and the fact just mentioned, that but for the resolution in its present form they would escape tax completely while the farm mutuals and other domestic companies would still be taxable, it was decided that the new legislation should not disturb the situation under which such companies were assumed both by them and by the administration to be taxable.

Mr. Macdonnell: To refer to the wording of the amendment I take it that the amendment would apply to non-resident mutuals if, in fact, they came under its terms. There is nothing in this amendment to exclude them. Perhaps the question may not be practical. Perhaps the parliamentary assistant knows that they would not qualify under the 50 per cent rule. However, what I am asking is this: From my reading of the amendment I assume that this amendment as is is not limited to domestic companies. It is limited to this "50 per cent of whose gross premium income", and so on.

Mr. Benidickson: Resident or non-resident.

Mr. Macdonnell: So they are on the same basis there?

Mr. Benidickson: Yes.

Mr. Macdonnell: In the second place the parliamentary assistant has given reasons for not making the change. As I understand him, what he has pointed out is this. If the

situation is left without this retroactive feature, he suggests that actually it is going to work an injury to the Canadian companies by reason of the different method of taxing which has prevailed between the two. He also suggested that the non-resident companies—and here is where I did not quite follow him—expected to be taxed in respect of their investment reserve. However that may be, it does not seem to me that it changes the substance of the situation. Unless the parliamentary assistant can satisfy us on the point I am just going to make or unless he can satisfy us that these people are not objecting and that they feel that the matter is fair, —if he were able to do that it might alter the whole thing—it seems to me that we are in the position of going to people and asking them to reopen their accounts for seven years, with consequences that might quite conceivably be extremely serious. Again I am going on the basis of what I understood to be the facts this afternoon. If that is so, we may be causing not only serious inconvenience but perhaps even worse to these companies.

Again I suggest it is through no fault of their own that they are in this position. It is through no fault of any kind on their part. We now find that, as was settled by the Stanley case, they were not liable for the tax which it is now proposed to make retroactive for all these years. Again assuming that I have stated the facts correctly and that there is no acquiescence on their part, it seems to me that what we are doing is not showing the same principle of fair dealing and decency as between government and individual as that which we would expect as between individual and individual. Again, as I say, if my understanding of the facts is correct, when we are trying to get the Americans to behave more sensibly, for instance, with regard to administration of their own customs tariff, it seems to me to be a particularly unfavourable time for us to be giving cause for offence of this kind. I am subject to being corrected as to some of the facts but as I understood the parliamentary assistant, nothing that he said seemed to me to alter the argument made this afternoon by the hon. member for Eglinton and myself.

Mr. Benidickson: My hon. friend referred to going back seven or more years into tax statements. I think he must remember that, in accordance with the understanding they had of the taxing law, these people have paid their taxes.

Mr. Macdonnell: I do not understand. All these years they have paid taxes which you are now proposing to impose on them?

Mr. Benidickson: Generally speaking, that is correct.

Mr. Fleming: Yes; but the result of the decision of the Supreme Court of Canada is that these companies have paid a tax on the assumption that they were liable. The assumption has now been proved to be invalid and it has been found that they were not taxable. What parliament is now being asked to do is to impose a tax which the Supreme Court of Canada has said has not been in existence up to the present time. No matter how we may talk around the point, the hard fact remains that parliament is now being asked to impose a tax which the Supreme Court of Canada had just finished saying had not been in existence.

Mr. Chairman, I move, seconded by the hon. member for Greenwood:

That paragraph 6 of the resolution be amended by striking out the words "and always to have been".

The effect of the amendment, if adopted, will be to eliminate this retroactive feature of the resolution. As to any need to change the present law, I indicated this afternoon that we are prepared to consider proposals on their merits as of the present time. But surely there is no justification whatever for going back and trying to impose a tax retroactively. That is the worst kind of legislation imaginable. Not only will it have an unfair effect here but it will create a damaging precedent for all time.

Some hon. Members: Question.

Amendment negatived: Yeas, 20; nays, 44.

The Chairman: Have we completed our discussion on paragraphs 6 and 7?

Some hon. Members: Agreed.

The Chairman: Shall the resolution carry?

Some hon. Members: Agreed.

Resolution agreed to.

The Chairman: Shall I report these resolutions?

Some hon. Members: Agreed.

Resolutions reported.

Mr. Speaker: Is it the pleasure of the house that these resolutions be now read the second time and concurred in?

Some hon. Members: Agreed.

Mr. Knowles: What about the amendments?

Mr. Speaker: That was the question I asked a moment ago, but I am told that resolutions are never reported with amendments.

Mr. Knowles: I take it, Mr. Speaker, that you are as surprised about that as I am.

Mr. Speaker: Furthermore, I am told that there is a citation with regard to the matter. There is no reason why we should be surprised. What is the number of the citation? I do not have it before me at the moment. I think the point is now being looked into by the Clerk.

An hon. Member: Ten o'clock.

Mr. Speaker: I am trying to recall situations where resolutions were reported with amendments. I remember that when I was chairman of committees there were occasions when amendments were made in the committee but they were not reported. There is no use in reporting a resolution with amendments because the resolution is in fact an order for leave to introduce a bill. The resolution is studied in committee of the whole and what is done in committee of the whole is to examine how the order for leave to introduce the bill is going to be drafted. Resolutions are reported from the committee of the whole as being the product of the committee of the whole. It is not the same as in the case of a bill which is sent to committee of the whole for examination with a view to possibly being amended. A resolution is not sent there for that purpose; it is sent there to determine if it contains sufficient cause to grant leave to introduce a bill based on the resolution.

It may be that by this time some specific reference in the book has been found, but in any event I am satisfied that is the situation. In the case of amendments to bills we do ask that the amendments be read the first time and concurred in. In this case we ask that the resolutions in their original form or amended be approved by the house. I think that will cover the point if amendments were made to the resolutions.

Resolutions read the second time and concurred in.

Mr. Speaker: By this time we have found the citation. It is citation 491 of Beauchesne, third edition. I think once more we will all applaud the efficiency of the Clerk of the House. The citation reads as follows:

If a resolution is amended in the committees of the whole, supply or ways and means, the chairman does not report it "with amendments", because it had not been discussed in the house, when the Speaker was in the chair, prior to being referred to the committee. The resolution is not considered by the house in the same way as a bill which, under standing order 75, is read twice before committal. The terms of the resolution are submitted for the consideration of the house for the first time when the resolution is reported from committee. As the house up to that moment has not considered the merits of the resolution, the committee's amendments do not change anything that has been done by the house and no matter how much the resolution has been altered by the committee, it is reported with all its alterations, but without the mention of amendments.

Mr. Knowles: In other words, we call them alterations but not amendments.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 467, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 468, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the amendment to the Royal Canadian Mounted Police Act, the Opium and Narcotic Drug Act, allowances for disabled persons, the Atomic Energy Control Act, the War Service Grants Act, diplomatic and consular immunities, and the Canadian Citizenship Act amendments.

Mr. Fulton: May I ask the minister if he has any idea when the government will be ready to proceed with the forecast amendment to the Judges Act?

Mr. Harris: No, I am not in a position to to say at this moment.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, June 1, 1954

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Eighth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

LABOUR CONDITIONS

NEGOTIATIONS BETWEEN RAILWAYS AND NON-OPERATING UNIONS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, through you I would like to direct a question to the Prime Minister. Is it a fact that the government has appointed a board of arbitrators to mediate in the dispute in connection with railway wages which is attracting so much concern in this house and outside?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, perhaps the Minister of Labour might answer that question. No appointment has been made by order in council, and I do not know if there has been any departmental action.

Hon. Milton F. Gregg (Minister of Labour): No, Mr. Speaker; no action has been taken by the department.

Mr. Drew: From the answers given it would appear that action is not contemplated. Can the minister inform us what the situation is? —because naturally we are all very much concerned with the solution which may be found for this problem.

Mr. Gregg: I shall take that question as notice, Mr. Speaker.

POWER

PASSAMAQUODDY PROJECT—ECONOMIC FEASIBILITY SURVEY

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Has there been any recent development in connection with the proposed survey of the Passamaquoddy tidal project?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I will look into the question, but my recollection is that there have been no recent developments. The matter of United States participation in the survey is still before congress and has not yet been acted on.

ST. LAWRENCE SEAWAY

INQUIRY AS TO BRITISH TENDERS

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of a report by the president of the British board of trade, will the government give consideration to British tenders in connection with the St. Lawrence seaway project as a way of providing Britain with the dollars it needs to buy Canadian goods?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the St. Lawrence seaway authority has not yet been set up, but the hon. gentleman knows that it is the policy of this government to encourage to the greatest possible extent the importation of goods from Britain so as to provide them with the dollars which I know they are anxious to acquire for the purpose of increasing their purchases of Canadian products.

HOUSE OF COMMONS

TABLING OF CIVIL SERVICE COMMISSION REPORT

Mr. Speaker: I have the honour to lay on the table of the house a report of the civil service commission respecting the organization of the staff of the House of Commons.

TELEVISION

GOVERNMENT POLICY IN GRANTING LICENCES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of National Revenue what consideration the government is giving to expressions of opinion at the national meeting of young Liberals last Saturday concerning the licensing of television stations in areas where otherwise there is a monopoly at the present time?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I think the best answer I can give the hon. gentleman is that

the estimates of the Department of National Revenue and the C.B.C. will likely be up this week and he will have the opportunity of asking all the questions and expressing all the comments he thinks necessary.

GRAIN

UNITED STATES SELLING POLICY—ACTION BY CANADIAN GOVERNMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, yesterday I directed a question to the Prime Minister (Mr. St. Laurent) in regard to the fact that the United States was shipping barley and oats for foreign export at 10 or 15 cents per bushel less than the domestic price, and I asked what the government was doing with reference to this and whether a protest had been made to the United States. At this time I would like to ask the minister whether there is any hope of a favourable outcome to the meeting now taking place in Washington so that there will be a discontinuance of this type of practice by the United States.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am not aware that the United States is selling oats and barley at 15 cents below the domestic price. It is my information that the United States has very little surplus of either oats or barley. I think it is hardly in order for Canada to protest to the United States about the price at which the United States sells its products, and while the subject matter has been discussed, nothing in the form of a protest has been entered by Canada.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, may I ask a supplementary question. Are Canada and the United States co-operating in a sales policy so that one nation does not undercut the other? I think that is the important thing.

Mr. Howe (Port Arthur): Canada has a sales policy and the United States has a policy made in that country. I hardly think that the idea of forming a combine against the world would be popular in either country. I am sure it would not be popular outside of those two countries.

[*Later:*]

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I should like to ask the Minister of Trade and Commerce a question supplementary to that which has just been asked. It is whether consideration of the price of wheat and other grain was not on the agenda at the recent conference at Washington.

Mr. Howe (Port Arthur): Mr. Speaker, I am not entirely clear as to what conference my hon. friend refers to. People from the United States come to Canada from time to time to discuss a variety of problems, and Canadians go to the United States for the same purpose. I know of no formal meeting on wheat. I have not been informed of it.

Mr. Rowe: Mr. Speaker, it is true that there seem to have been a great many conferences. Maybe that is not the right term for me to use. According to press reports there was supposed to have been a meeting in Washington recently and naturally the grain growers of Canada were quite interested because of the persistent reports that consideration would be given to that issue. It was that meeting to which I referred.

Some hon. Members: Question.

An hon. Member: Not a speech.

Mr. Rowe: However, if we are not supposed to know anything about it, all right.

CANADIAN BROADCASTING CORPORATION

REPORTED TELEVISION BROADCAST OF MAY DAY PARADE, VANCOUVER

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that the Minister of National Revenue has indicated that we shall later this week be discussing the estimates of his department, may I ask him whether any representations have been made to him with regard to the television broadcasting of certain prominent communists at a meeting in Vancouver early this month?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the answer is no. Representations are made to the Canadian Broadcasting Corporation which is a self-operating corporation.

Mr. Drew: In view of the detachment indicated by the minister, may I ask him if he will inquire from the Canadian Broadcasting Corporation if the C.B.C. television station CBUT at Vancouver televised a May day parade in which were Harvey Murphy, A. A. MacLeod, Bill Stewart, Homer Stevens and other prominent communists who were holding a meeting at that time?

Mr. McCann: Mr. Speaker, I shall make that inquiry.

BRITISH NORTH AMERICA ACT

INQUIRY AS TO RECONVENING OF DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In the light of the speech made by the Prime Minister last Saturday night concerning amendment of the British North America Act, may I ask him whether it is the intention of the government to reconvene the dominion-provincial conference with a view to arriving at an agreed method of amending the British North America Act in Canada?

Right Hon. L. S. St. Laurent (Prime Minister): No; not at this time, Mr. Speaker.

ROYAL CANADIAN MOUNTED POLICE ACT

AMENDMENT TO PROVIDE FOR APPOINTMENT OF MORE THAN ONE DEPUTY COMMISSIONER, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 464, to amend the Royal Canadian Mounted Police Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Appointment of deputy commissioners, etc.*

Mr. Fulton: This is the clause which provides for the appointment of one or more deputy commissioners. I do not think there should be any objection to the regularizing by statute of what has been done recently by order in council, as the minister himself pointed out in his remarks on the resolution stage on May 25. However, there is something which appears in clause 1 of the bill which, to my mind, is not quite consistent with what the minister indicated on May 25 would be done in this respect. I refer to his remarks as reported at page 5072 of *Hansard* where he said as follows:

This position—

Referring to the position of deputy commissioner.

—was established on the first of April, 1932 and since that time, as is obvious to all of us, the responsibilities and the strength of the force have increased greatly. The senior assistant commissioner, under the authority of an order in council dated March 26, 1953, now receives the same rate of pay as that authorized for the deputy commissioner and is performing duties of equal responsibility. We consider that it is desirable to regularize this situation by providing in the establishment for two deputy commissioners and by cancelling the establishment and salary provision of the senior assistant commissioner. There are, therefore, as is obvious, no financial implications involved.

Under clause 1 of this bill they are establishing the position of one or more deputy commissioners but we are still left with one or more assistant commissioners. It seems to me that it would be obvious that one of those assistant commissioners, if more than one, would be senior assistant commissioner. It is not quite the same as what the minister indicated in his remarks or at least according to the impression that I drew from the minister's remarks on May 25. I should like to ask him if he would elaborate a little bit on what it is proposed to do and what will be the effect of this bill.

Mr. Garson: Mr. Chairman, the meaning which I think is clearly indicated in the remarks I made on May 25 is that with the growth in the strength and responsibilities of the force it became necessary for there being two men who would carry out the responsibilities of deputy commissioner. At present we have a deputy commissioner and also another officer who carries out responsibilities equal to those of the deputy commissioner and who is designated as a senior assistant commissioner. As I indicated in my remarks on May 25, we desire to regularize that situation by providing for two deputy commissioners. Then we shall also have one or more assistant commissioners, but no one of them will be designated as a senior assistant commissioner.

Mr. Fulton: Now I understand the situation. Therefore it will be necessary, will it, to repeal that order in council?

Mr. Garson: Yes.

Mr. Fulton: And I take it that will be done as soon as this bill is proclaimed?

Mr. Garson: We have to pass this bill first.

Mr. Fulton: Yes; but that would be the intention, would it?

Mr. Garson: Yes.

Mr. Fulton: As a matter of interest, while we have been discussing this matter I have been looking up the estimates and I cannot find the provision for these two commissioners, let alone the deputy commissioner or the assistant commissioner, in the details for the Royal Canadian Mounted Police. Where do we find provision for those positions?

Mr. Garson: I suggest that when we get to the justice estimates, when we have the estimates before us, the hon. member can raise that point and it will be cleared up.

Mr. Fulton: I should like to know now so that I can understand what will be the effect of this provision being made whereby we are

going to provide an additional establishment for a deputy commissioner and cancel the order in council authorizing the appointment and the payment of a senior assistant commissioner. I can find no provision for such appointment or payment in the book of estimates. If the minister does not have the information readily available, I will not hold up the bill now.

Mr. Garson: My difficulty is that I do not have the estimates with me at the moment. However, I think that I covered the point that my hon. friend has now raised in language just as clear as it can possibly be when I said, as found at page 5072 of *Hansard*:

> We consider that it is desirable to regularize this situation by providing in the establishment for two deputy commissioners and by cancelling the establishment and salary provision of the senior assistant commissioner.

That is a categorical statement, and a statement of what we intend to do.

Mr. Fulton: I am asking how you are going to do it.

Mr. Garson: I think my hon. friend would find, if he examined the estimates at greater length than he has done, that there is provision there for the two officers to whom he refers. I do not have the estimates with me, but this is a point which can be very easily raised by the hon. member for Kamloops when the justice department estimates are before the committee.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Pension upon retirement for inefficiency.*

Mr. Knowles: Would the minister explain clause 3?

Mr. Garson: Yes, I will be glad to do so, and I think I should do so because I wish to correct an inaccuracy in my previous explanation at the resolution stage. As I correctly pointed out then the purpose of the bill is to put all members of the force who, having served with the force for ten years or upwards, have been discharged for misconduct or inefficiency, in the same position of entitlement to a reduced pension whether they are retired under parts II and III of the Royal Canadian Mounted Police Act on the one hand or are retired under part V of the act on the other.

In explaining this purpose I inadvertently transposed the numbers of these parts and as a result said that the part V pension scheme did not provide for such a pension in the event of a member being discharged for inefficiency or misconduct and that the pension schemes under parts II and III did provide for such a pension to members so discharged. The facts are the reverse, namely that part V now makes provision for this type of reduced pension for those who have served for ten years and are retired for misconduct or inefficiency whereas parts II and III do not provide for such reduced pension where the member has been discharged for these reasons.

The purpose of the bill therefore is to amend parts II and III to provide such reduced pension and thus equalize in this respect the position of Royal Canadian Mounted Police pensioners under parts II and III with the position of pensioners under part V. This purpose is accomplished by clause 3 of the bill.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: Shall this bill, by leave, be read the third time now?

Mr. Knowles: By leave.

Mr. Garson moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

OPIUM AND NARCOTIC DRUG ACT

AMENDMENTS RESPECTING LICENCES, REGULATIONS, ETC.

The house resumed, from Monday, May 24, consideration of the motion of Mr. Martin for the second reading of Bill No. 422, to amend the Opium and Narcotic Drug Act.

Mr. Blair: Is the minister not going to explain the bill?

Hon. Paul Martin (Minister of National Health and Welfare): This bill mainly seeks to do three things. It seeks to redefine the present offence of trafficking and also endeavours to create a new offence of trafficking based on the illegal possession of drugs. It also provides for extending the powers of the governor in council to make certain regulations for the more effective enforcement of the measure.

Mr. W. G. Blair (Lanark): Mr. Speaker, I think every person in the house is in agreement that this bill is necessary, because the regulations cannot be made too strong with respect to people who traffic in drugs. To destroy a person physically and mentally by the use of drugs is a crime that should carry a very heavy penalty. So far as the bill is concerned, the rights of those who are entitled to use narcotic drugs, veterinarians, doctors and druggists, seem to be protected.

The question then remains to put in legal terms what can be done to stop the horrible traffic in drugs.

I do not believe that the traffic in drugs in Canada has reached the height that it has in some countries, but we are a young and growing nation and as our population increases there is no doubt that we will be faced with greater difficulty in this regard. In central Canada the situation possibly is not as bad as in areas such as Vancouver and Victoria with seaports facing the Orient. The difficulty would seem to be greater there, and at those places there is the greatest possible chance of such drugs being illegally brought into the country. I am in complete agreement that the penalties should be made very severe. Possibly it can be argued that making penalties severe may bring about more evasion, but in my opinion the penalties cannot be too severe.

We make regulations in the Criminal Code with regard to manslaughter, murder and crimes of that type. Here we are dealing with something that causes the total destruction of people mentally and physically. Worst of all, we are led to believe that the people who illegally traffic in drugs try to induce young people to become addicts. Having that in mind, we should go over very carefully the clauses of the bill having to do with penalties. I am absolutely in favour of making the penalties as severe as possible in order that this traffic may be curbed. Possibly one of the worst of all the drugs in which these people traffic is heroin, and it is very easy for a person to become addicted to heroin. Therefore every possible channel should be explored of curbing this trade. I am in full agreement with the bill.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should also like to say a word in support of the bill. I was very glad to hear the remarks that have just been made by a medical man who is in close contact with the problem in a professional way. It seems to me he is quite right in stating that the penalties for trafficking in drugs cannot be too severe. Traffickers must be penalized to the greatest possible extent, but I think that something more must be done than merely to punish them. In years past we have had the league of nations trying to deal with this problem internationally. We have the United Nations commission on narcotic drugs, and various agreements and protocols have been signed for the purpose of limiting the production and export of narcotic drugs. I believe that a protocol on the production of opium was agreed upon last June by the United Nations Organization and that it is to come into effect when some twenty-five nations have signed. I was going to ask the minister if Canada is one of the signatories to this protocol? She was not at the time the report of the Department of External Affairs was published.

Mr. Martin: She will be.

Mr. Coldwell: But she is not yet?

Mr. Martin: No.

Mr. Coldwell: However, I am very glad to know we are signing that protocol. In 1946 I had the opportunity of representing Canada on the committee of the economic and social council which dealt with narcotics. I have a very vivid recollection of the discussion that occurred there, and the terrible effects of this drug on those who become addicted to it. I believe that is fairly well known. I agree with the hon. member for Lanark (Mr. Blair) when he says one of the real dangers is that young people may become addicted to this very destructive habit, and that this is encouraged by people who are criminals and who should be treated as criminals.

What I really wanted to say was that I do not think this is enough. While we should imprison and penalize the trafficker to the fullest extent possible, what we need is some institution, not a prison, in which those who have become addicted can be treated. I do not think placing an addict in jail is the proper manner in which to treat him. What we need is a proper institution in which those people who have become addicted can be placed and can be looked after until they are weaned of the habit, whether that takes six months, a year or five years. This is a problem with which every country in the world is faced. We are no exception to it. I believe we have a very fine organization endeavouring to locate these traffickers in drugs.

It is so easy to bring these drugs into the country. I mean to conceal them, I do not mean it is easy in the sense in which that term might apply, but the quantities are so small there are various ways of bringing them into the country. I feel we should congratulate the narcotics enforcement branch on the excellent work that is done in this regard. What I feel is needed is not only a bill of this description, with the right of the governor general in council to make regulations that will help stamp out this traffic; we should try to do something further in the way of rehabilitation of the people who have become victimized. I do not think this bill perhaps does all that is required to be done, but I think the house should give

its warm support and approval to the increase in the penalty for trafficking in drugs, and so we support the bill.

Mr. Solon E. Low (Peace River): I should like to indicate our support for the measure that is now before us. While I am doing so, I should like to underline what was said by the leader of the C.C.F. party as to the need for some institution where addicts in this country can receive the kind of treatment they require. I do not look upon those unfortunate individuals who have become addicts as criminals at all. They are driven by extreme necessity when they form the habit; that is, people will do anything to get the required doses of the drug in order to satisfy their craving. They are driven by that necessity to procure the necessary drugs. They are driven to go amongst young people who may be completely innocent of the designs upon them.

There must be some place where these people can get what they require for the time being, no matter how long it may be, until such time as they are either weaned of the habit or become so confirmed in the habitual use of the drugs that they have to be confined. Something will have to be done along that line, otherwise we cannot hope to protect our young people. I am told that in some of the high schools in our country certain young people have been circulating amongst the students urging them to try the drugs for the first time. For each new one that they secure, the criminal who is behind the whole business will give the student the satisfaction of a cut dose of the drug itself; that sort of thing is going on in some of the schools in this country.

Mr. Martin: This is too important a subject to exaggerate. The teen-age problem has been greatly exaggerated, and I am sure my hon. friend would not want to give the impression that it is greater than it is.

Mr. Low: No, not for one second. As a matter of fact, it is bad enough if it only happens to two or three. It is so easy to make these students complete slaves to the use of the drugs that if there are only one or two that is bad enough. It is just as bad as murder, and in some respects it is worse. It is for that reason I am pleased to see a stiffening of the penalties attached to those who would extend the drug traffic.

I merely wanted to say that there is the necessity for some place, I do not know what you would call it, an institution of some kind where habitual users could get whatever supplies they required without having to go out and procure or earn the supplies. Whether or not that could be done, or whether it is practical, I do not know. Certainly everything that could be done by the government to put a stop to the extension of the traffic ought to be done, and we will support them because it is a good thing. We like the bill as it now stands, since it imposes heavier penalties and we want to give the maximum backing to the enforcement officers in every way possible to control this drug traffic.

Mr. J. L. MacDougall (Vancouver-Burrard): This is a problem that has been given very intensive study in my own city by a very competent committee under the chairmanship of Dr. Wallace Wilson. As you know, Dr. Wilson is the western medical supervisor for the Department of Veterans Affairs, and an outstanding man in his field. Gathered with him on that committee he had prosecuting attorneys, attorneys who specialized in defence, and men of outstanding calibre from the university who specialized in drugs, as well as a number of experienced business and professional men. This committee made a thorough study of this problem of drugs and drug addiction.

Unfortunately the last report issued by the committee is now some two years old. However, the poignant points of that committee report still stand. I should like to draw to the attention of the minister—no doubt he is aware of it—and to the attention of the house that, without exception, this crime of trafficking in drugs is the most heinous of which we could possibly conceive in our modern civilization.

I could not agree more than I do with the hon. member for Lanark (Mr. Blair), the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Peace River (Mr. Low) when they say that this is a problem of great magnitude and one that, in essence, requires considerable watching at all times, and additional increases in penalties for offenders.

There are some sections of the report to which I have referred that I do not think we could adopt in this country at the present time; but there are points in it that should be read. For instance, we all know that where you find perversions of various kinds, somewhere along the line drugs enter into the picture. Additionally, invariably the first offenders, who might be termed exhibitionists, and who have no criminal desires to murder or to destroy, eventually, with the continued use of drugs, with all their nefarious effects, not only become exhibitionists but also become more intense in their addiction to drugs. Consequently, as a result thereof, they are a greater menace and danger to the society we represent in Canada.

There have appeared in the press some objections to statements made respecting the degree of criminality existing in Vancouver. Unfortunately I must admit that the city of Vancouver leads the parade in the number of known drug addicts in Canada. It is followed by the city of Montreal, with Toronto in third place and Winnipeg in fourth.

It is easy to imagine why we have that condition in Vancouver. We are a seaport city, a great port to the Orient. With no desire to muddy the waters of good relations between the Occident and the Orient, I believe it is only fair to assume that in the past considerable quantities of drugs have come into Canada from outside sources. At the moment those sources shall remain unnamed.

However, of the 14,000 known drug addicts, the number given about a year and a half ago, we had in Vancouver about 4,000.

Mr. Martin: Did the hon. member use the figure of 14,000?

Mr. MacDougall: Yes, 14,000.

Mr. Martin: Oh no.

Mr. MacDougall: What would the minister say?

Mr. Martin: Slightly more than 3,000 drug addicts in the whole of the country.

Mr. MacDougall: Then I stand corrected, and would use the figure of 4,000 instead of 14,000. And of that approximate number of 4,000, in Vancouver we have more than our share. Under the circumstances, that is quite understandable.

If we are going to deal adequately with this situation, it seems we should have increased penalties applying to the trafficker. In the past and in the present the trafficker has been and is the one who acts behind the scenes, who pulls the levers, and in the vernacular might be called the big operator. He is the man who invariably is not found on the street, and is not an addict. But his whole mission in connection with drugs is to get stooges to operate in their younger years. These stooges will become known addicts, and this adds to his income because he has an opportunity through these young people to add to the sale of his drugs.

The Wilson report did state in many instances in this drug business in Vancouver the big operator was not convicted, though they had a great amount of suspicion, and that in all probability the operator would have been convicted had they been able to arrest him. They felt—and they had evidence to prove it—that the trafficker carried around under his tongue phials of heroin plastically sealed. In the event of meeting police officers he would immediately swallow the phials. Consequently, upon arrest there was no evidence upon which to convict him. The evidence was then in his stomach. But, if he were taken to a hospital, through the use of an emetic the evidence would definitely prove that the man was a trafficker.

The question that arises in such circumstances is one to which the law officers of the crown would have to give due consideration. Perhaps the step required to be taken, under our liberal democracy, would be considered drastic. However, the fact remains that we must not overlook the terrific damage being done to the younger population in Canada, in those places I have mentioned in particular, because of the more or less free run of the big operators in conducting their campaign.

I could not agree more with the statement that the maximum punishment is, in fact, minimal, so far as this offence is concerned. It should be the constant vigilance of parliament and the enforcement officers under the Opium and Narcotic Drug Act to see to it that on all occasions, if humanly possible, the guilty person is brought before the courts of the land. There is nothing in our whole national set-up more deserving of a maximum penalty than the operations of the trafficker who sells for profit and who, at the same time, is endeavouring through his villainous traffic to procure the younger generation of this country as potential addicts.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I have listened with much interest to all that has been said by the previous speakers. I certainly agree with them that this bill brings to the attention of the house a very serious problem in Canada and one which is most serious in the coastal areas. I am certain that all hon. members will be in agreement in their support of the intent behind the bill, especially as it deals with the increasing of penalties imposed against those who traffic illegally in drugs in this country.

The bill is comprehensive in that it covers the sections of the statute that deal with trafficking, licensing and possession. Therefore the amendments before us open up the possibility of a comprehensive study of the narcotics situation, and the kind of law we should have not only to deal with the traffic in drugs, but also with those who are in possession of them. I want to add my words to those of the hon. member for Rosetown-Biggar (Mr. Coldwell) that perhaps under the amending sections there should be more accent on the curative instead of the punitive.

As was pointed out by the previous speaker, there is undoubtedly a very serious situation on the Pacific coast. The hon. member said there were 14,000 known addicts in Canada, and he was corrected by the Minister of National Health and Welfare (Mr. Martin) who, I believe, said there were approximately 3,000. However, Mr. Speaker, I was going to use the figure of 5,000, on the basis that that was the report which Canada made to the United Nations committee which is studying this matter.

This matter of narcotics very forcibly came to my attention about 15 years ago in the city of Vancouver when a friend of mine became a drug addict. As he progressed it cost more and more for his needs and he resorted to robbery, and he landed in jail. He landed back in jail upon more than one occasion because he was not cured. He got married, and unfortunately his wife also became an addict. Today, his wife is in a mental institution, as she has been for several years past, and she will never come out. I know from my own personal knowledge of the man that he resorted to robbery only because of his illness and he did not have the money to supply his needs. It can be easily recognized—when it is understood that when you have an addict who actually requires, because of his illness, several capsules a day and he has none, and on the illegal market in Vancouver it costs around $5.50 and $6 a capsule—why he resorts to robbery. That was this man's history for a while. He is no longer in jail. I think I can safely say that he has been a good, respectable and responsible member of society in Canada for a number of years. He still requires a minimum dosage of a narcotic, and he gets it. But because he does get it, as I said, he is a good member of society.

That experience, which started some 15 years ago, interested me in this subject, and over a number of years now I have interviewed a great many drug addicts in and out of jail, I have interviewed authorities, policemen and doctors on this matter. As a result, a special study was made in Vancouver by the member of the legislature for Burnaby, my father, and upon two occasions he got in contact with every doctor in the province of British Columbia on this matter. The reply in the main stated that we would never remove this curse of drug addiction and the problems it gives rise to unless it was handled in a different way. A great many doctors express the view that the law of Canada should be changed to allow them to treat addicts as sick persons, and under medical supervision to supply their medical requirements at cost.

Mr. Martin: Just so that we clearly understand this matter, there is nothing in the law now that prevents any doctor from treating a patient in the use of drugs along the lines that my hon. friend is suggesting.

Mr. Winch: And of carrying him at all times with his requirements.

Mr. Martin: If a responsible doctor says that a patient needs an unstated amount of drugs, there is nothing in the law to prevent that being done. All that the department does is to make sure the doctor acts responsibly, honourably and honestly.

Mr. Winch: That is correct, Mr. Speaker, but it is not generally known to the people of Canada; nor has there ever been, to my knowledge, an educational program to try to get the addict to go to a doctor and to take the care that a doctor can give, and to receive the minimum narcotic requirements. This study has been made, I know, in a great many countries of the world. It is rather remarkable to note the incidence of drug addiction in a great many other countries of the world compared with our own Dominion of Canada. I have noted especially from the reports that are issued annually by the economic and social council, as a commission on narcotic drugs under the authority of United Nations, that in the countries where there have been educational campaigns and where drug addicts do go to doctors and they get their prescriptions filled at cost, the countries know of their drug addiction and they know who the people are. They keep track of them and because—and this is important—of the registration of drug addicts and their care and treatment at cost price, it has taken the profit out of the illegal trade. When you take the profit out of the illegal trade you strike a body blow at the illicit traffic, because the peddlers are not interested in selling the dope unless they can make a profit, and they are certainly not interested in getting new addicts if they cannot get a profit out of them. I am certain from my study that where there is a concentrated program, as there is in a great many countries of the world, you not only reduce the number of addicts but you almost wipe out the illegal trade itself.

The illegal trade is of very serious proportions in Canada. The most recent figure that I saw was a statement by an R.C.M.P. officer in Vancouver who estimated that somewhere between $5 million and $7 million worth of illegal narcotics are entering Canada through the port of Vancouver. In my estimation, that should make all of us here with responsibility for policy and law give perhaps more consideration than we have in the past to

this problem. When I say that we should give more consideration, I am basing that opinion on the 1952 report of the economic and social council. In that section dealing with Canada —and I presume the report is sent in by Canada—we find on page 14:

> It was estimated that there were approximately 5,000 addicts of whom roughly 70 per cent are males. Furthermore, it was reasonable to assume that addiction may be slightly on the increase, in view of the large supplies of heroin entering the country illicitly as evidenced by seizures of this drug and the steady prices maintained in the illicit traffic.

This is important. It goes on:

> No definite program of treatment has been formulated.

I think we are negligent, Mr. Speaker—I say "we"—in our responsibility when in the 1952 report we find the statement by Canada that no definite program of treatment has been formulated, while at the same time we admit there are 5,000 addicts in Canada, and that the number is slightly on the increase. The hon. member who spoke just before me mentioned a committee which met in Vancouver over a period of years. I want to make reference to another committee in Vancouver composed of doctors which met under the auspices of the community chest. Under the chairmanship of Dr. Foulks they have been making a study over a period of three years of methods of curing drug addicts, and the other day when it was announced that the Senate had under consideration the appointment of a committee to study the narcotic problem Dr. Foulks, on behalf of this committee, made a statement, and I would like to quote a short paragraph from the press report of his statement. He said:

> We have never agreed entirely with the law's approach to drug addiction. Medical men agree that changes are needed in the Drug Act to allow for treatment on a medical basis instead of on a punitive basis.

Now, that is the view of that special committee in Vancouver and, sir, it is in line, I think I can say, with the authoritative views of those who have made a study of this problem on the North American continent.

I would now like to quote, but not extensively, from a man in the United States who is recognized as an outstanding authority. He is Alfred R. Lindesmith, associate professor of sociology, Indiana University. In his book "Opiate Addiction", which I am told is considered almost as a bible on this subject, he has this to say:

> The most important basic change which is needed in this country is legislation or the interpretation of existing legislation so that the prescription of drugs to an addict by a physician is defined as being within the field of medicine.
>
> This would mean that a physician could legally prescribe drugs to an addict and it would give addicts a legitimate low-cost source of supply. This is the way in which English drug laws are interpreted.
>
> At first glance it might seem that such a plan would make opiates more available than they are now and lead to a spread of the habit. However, consideration reveals that the opposite would be the case. In England, where, as has been indicated, doctors do prescribe for addicts, there is much less addiction than in the United States and there is scarcely any smuggling problem.
>
> At present the new addict in this country usually obtains his drugs from illicit sources. Under the proposed plan he would have to obtain his supplies from a doctor registered under the act. Certainly one would expect medical men to exert more of a restraining influence on the spread of addiction than the underworld peddler does. The reduction or the elimination of illegal dealings in opiates would unquestionably remove the greatest source to new addicts now in existence.
>
> The first step in any plan to alleviate this dreadful affliction should be the establishment of control and dispensation at cost of habit forming drugs. With the profit motive gone no effort would be made to encourage its use by private dispensers of narcotics and the drug peddler would of necessity disappear. New addicts would be speedily discovered and through early treatment some of these unfortunate victims might be saved from becoming hopelessly incurable.
>
> Drug addiction like prostitution and like liquor is not a police problem. It never has been and never can be solved by policemen. It is first and last a medical problem, and if there is a solution it will be discovered not by policemen, but by scientific and competently trained medical experts whose sole objective will be the reduction and possible eradication of this devastating appetite.

That is the end of the quotation, Mr. Speaker, and the only other quotations I wish to make are I think a substantiation of my statement that when this terrible problem is treated in a serious educational and registerial way there is conclusive evidence that these methods have a beneficial effect. Just briefly, therefore, I would like to quote from the economic and social council report of the United Nations for 1952, and I will deal with a few countries briefly. The report states:

> IRELAND: There was no evidence of addiction. One case was discovered in which the accused obtained morphine under false pretenses; the case was dealt with by the courts.
>
> ITALY: During the year, 68 cases of drug addiction (40 women and 28 men) were reported to the office of the high commissioner for hygiene and public health by the provincial health officers. They generally concerned persons using narcotic drugs in order to obtain relief from serious and incurable diseases.
>
> Drug addicts reported by physicians are compulsorily cared for in hospitals or private clinics or, if they are treated at home, they are kept under the supervision of the local health authority until they are cured.

NORWAY: The number of registered drug addicts was estimated to be 200 to 300. Practically all of these were receiving drugs on prescriptions. Only in rare cases have drugs been obtained on counterfeit prescriptions. The registered drug addicts were all adults, evenly distributed in respect of age groups, sex and professions.

RUMANIA: Stringent measures have been taken by the government to prevent drug addiction. According to the annual report, the problem of drug addiction can be said to have been practically eliminated in the country.

A few years ago, Mr. Speaker, we wrote to Great Britain from British Columbia and asked them if they would tell us about their drug addiction problems. We were amazed to receive a reply to the effect, "We do not have any drug problem." That was the answer to the letter, so I was very interested—

Mr. Martin: I can assure my hon. friend without giving my source that this is true of no country in the world.

Mr. Winch: Well, that was the British government's reply and that is why I am interested in this report which I take as authoritative.

Mr. Martin: These are individual reports from certain countries.

Mr. Winch: But I am giving the names of the countries and the exact wording of the report. For example, here is what it states on Great Britain:

GREAT BRITAIN AND NORTHERN IRELAND: The number of addicts receiving drugs from medical sources during the year was 297. There is no evidence to suggest that addicts to manufactured drugs regularly obtain their supplies from illicit sources, although as in previous years several addicts were known to have supplemented legitimate supplies by unlawful means. These are included in the foregoing estimates.

I have already mentioned Canada so I will not repeat it, but there are one or two more.

ISRAEL: Eighteen addicts, whose ages ranged from 26 to 28 years, were apprehended during the year. Of these, five were physicians, two nurses, one a student in medicine and 10 persons with miscellaneous occupations.

I think, sir, that is sufficient to at least bring up the point I have in mind to the effect that there is a difference in the way in which this problem is being approached in other countries compared with Canada. Perhaps we can learn from them and I am certain that the matter is so serious that we have to try and find a new approach. I am speaking personally from my own studies and knowledge of the subject and from the very great help given to me in this by one on whom I rely for his study on this matter, and that is my father, an M.L.A. of British Columbia, who has made a very great study of it. However, I think I am safe in saying, at least as far as British Columbia is concerned, that the majority of physicians, of authorities and of the people have reached a point where they are prepared to accept a change in outlook and to say: let us be as hard as we can on the peddler but let us tackle the addict himself or herself as a medical problem; let us find ways and means of trying to get them registered, to get them treated and, where no cure is possible, to enable them to receive their requirements in a minimum dosage at a minimum price. I am convinced that if we could get that idea over—I know there are obstacles but I am sure they can be worked out—we would not have, as was shown in the last report on prisoners, 60 drug stores broken into in a twelve-month period. In the majority of cases, when they go after a drug store, they are after narcotics. If we tackle this matter seriously and do something like what I have mentioned I feel strongly that without a doubt it would go a long way toward taking the profit out of the illicit traffic and in that way would go a long way toward wiping out the illegal entry of dope into Canada.

I realize what the problem is, Mr. Speaker. If my memory serves me correctly, in the United States there were either two or three states which endeavoured to give a try-out to establishing centres where an addict could get his requirements. The experiment failed. I know that at least one state has closed up the experiment. However, there is a good reason for that result, namely that addicts from all the surrounding states poured in, thus creating a terrific problem. That is something that should have been expected, Mr. Speaker, because there are no customs or immigration lines between the various states of the United States; and naturally a person who required the narcotic and who did not have the money with which to buy it on the illegal market went into the state where, by registering as an addict, he could get his requirements.

I would be the last one to suggest that anything in the way of a new approach be made in only one province in Canada because that attempt would be just as much doomed to failure as it was in the United States. Action will have to be taken on a national basis, with the procedure the same all across the Dominion of Canada. I know it might be said that we shall have addicts coming up from the United States. That might perhaps be so to some extent, Mr. Speaker, but not to a major extent, in my opinion. Although we have no immigration or customs barriers between our provinces, we do have an international boundary between our country and the United States. Hence it would be far more difficult for any invasion into Canada of drug addicts from the United States. Be

that as it may, the problem is a most serious one. I think we must tackle it with renewed vigour and understanding, and recognize that it should be treated as a medical problem and not one involving punitive measures. Therefore, although I most certainly support the endeavours of the government to strengthen the existing act and to make it tougher on the peddlers, I sincerely hope that the minister can see his way clear in the near future really to tackle this problem on a scientific and intelligent basis.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, I should like to add a few words to the remarks of the members who spoke before me to indicate that I wholeheartedly support the bill before us, because I think it would help to solve the problem of the illegal traffic in drugs.

I also take advantage of this opportunity to say that it is not enough to prosecute the drug traffickers and treat the addicts, even if the proposed means are excellent. I think that an intensive educational campaign should be undertaken all across this country, and especially among our youth.

There is something that amazes everybody in this country, and it is the ease with which those drug traffickers come into contact with young people in some parts of this country. According to the press, one finds that quite often, in a number of places, in Vancouver, for instance, young girls and boys attending school are contacted by drug traffickers who eventually succeed in convincing them to try that marvellous drug that can bring them the greatest possible degree of happiness on earth. I cannot understand how such a situation can come about and how it is that young people are willing to take the risk of convincing themselves that the use of such drugs can be an excellent thing? It is true that morbid curiosity, which is practically natural in young people, may explain such a state of affairs. It is for that reason that we should undertake an educational campaign to inform our youth of the ill effects of drug addiction, that would make them understand the woes that will befall them if they become incurable drug addicts. I believe that a preventive campaign would greatly help the enforcement of this excellent legislation now proposed by the government to solve that problem.

In my opinion, in this field as well as in that of alcoholism and other addictions, prevention is much more important than cure and more particularly the suppression of the vice.

Those are the remarks I wanted to make, Mr. Speaker. I put much stress on the importance of prevention and I believe that the minister, who is very well disposed I know, could perhaps add, to the numerous and laudable steps he has taken in this field, a preventive campaign designed to bring home to our youth the danger of taking steps from which there could be no retreat once they accept the proposals of infamous people wishing to benefit from the sale of narcotics.

(Text):

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, I should like to say a few words about this problem. In the first place, I do not think there is any easy solution for it. If it is to be solved, it will require a comprehensive and co-ordinated attack from many angles. Not the least is the aspect raised by the hon. member for Vancouver-Burrard (Mr. MacDougall), the question of the countries of origin of illicit drugs. He refrained from naming those countries. I do not think he should have refrained. They are well known. It is not difficult to spot the source of illicit drugs, and there is a rather shrewd suspicion that in the main the great proportion of them originates in communist countries. There is also a suspicion that there may be a certain amount of deliberation in this illicit supply. I should like the minister to comment on this particular point.

With respect to the question of treatment, the suggestion has been made that doctors be allowed to prescribe freely for drug addicts. I do not think that is any solution because—

Mr. Martin: Let us clearly understand that there is nothing in the law that prevents a doctor from treating any patient in the matter of drugs as he does any other patient.

Mr. Trainor: I understand that.

Mr. Martin: We insist that he be honourable, responsible and honest in the matter. Those are the only limitations.

Mr. Trainor: I understand that thoroughly. I should merely like to point out the reason why a good many doctors do not take advantage of that privilege. It is chiefly because they realize that the drug addict who honestly and sincerely wants to be cured is rare indeed, and actually all they would be providing would be a convenient source of supply.

Another point on which I think most authorities agree is that addicts cannot be adequately treated unless they are under constant control and supervision. That means confinement to an institution. There is no

point in trying to treat addicts on an ambulant basis where they are not under adequate control at all times. The United States has instituted adequate control probably more than any other country, and they have found that their percentage of cures is rather small considering the enormous expenditure required.

Therefore I say that there is no simple solution to this problem. It requires a co-ordinated effort on all fronts. In the first place I think there should be more control of manufacture on the international level. We know of course that in various oriental countries and also in some European countries there are large factories devoted to the illicit manufacture of drugs for export. We also know that this is done with the full knowledge and consent of the governments of these countries. Unless something can be done on the international level it is futile for us to try to tackle the problem in Canada. The supply is coming into the country and the profits are huge. Therefore there is no really good chance of controlling the problem in that way unless we can eliminate illicit manufacture.

In the second place, I think it is quite true that the police are not the proper agency to handle addiction. I think there should be at least one institution or possibly a wing or portion of an institution in every province devoted to the curing of addicts, and if we do these things I think there is a reasonable chance that we can at least lessen, if not eliminate, the problem of addiction.

Mr. Martin: Mr. Speaker,—

Mr. Deputy Speaker: Order. If the minister speaks now he will conclude the debate.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, there is one phase of the problem to which I wish to refer. The question of rehabilitation has been dealt with particularly by the medical men in the house, and I want to deal with the penalty sections and to secure from the minister an explanation with regard thereto. I think it is generally agreed, and it needs no repetition, that trafficking in narcotics is one of the most terrible offences that can be committed. Indeed, it has been described as murder by instalments. In many ways it is a more serious offence than homicide although not regarded as such in our law.

I agree with putting teeth into the law. I think that what has been done represents a very considerable step forward in assisting the authorities to enforce the law and to secure a conviction where a crime has been committed. The record for the years 1951 to 1953 inclusive indicates that there have been 1,062 convictions of which 990 were convictions for illegal possession and 72 were for trafficking. Having regard to the tremendous returns available to the trafficker, I suggest to the minister that the penalties provided are not in keeping with the enormity of the offence.

Mr. Martin: My friend means that they are not severe enough?

Mr. Diefenbaker: Yes.

Mr. Martin: If the hon. member is only going to deal with penalties, does he not think that he could do so when we come to the sections? I am interested in what he is saying.

Mr. Diefenbaker: I appreciate that. I was going to ask the minister to make a general statement on the subject. I believe that the penalties are inadequate. They are no deterrent to a wrongdoer who can make a fortune out of the operation of trafficking. The records show that a narcotic worth $10 or $12 often brings $5,000 to $8,000 when ultimately sold to the individual users. I do not know whether we have any Lucky Lucianos in Canada—

Mr. Martin: We have got one of them.

Mr. Diefenbaker: The minister says that we have. My opinion is that the penalty, even though now being increased, is not in keeping with the seriousness of the offence. I think the provisions made for enforcement go a long way toward plugging many of the loopholes available today to those who engage in this despicable traffic. I believe that while we are at it we should make the mandatory penalty a good deal more than a minimum of six months.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I will not delay the minister long but I do want to add my congratulations to those already offered with respect to the introduction of this legislation. In my opinion the dope or narcotic problem in Canada is becoming more and more serious all the time. Until a short time ago I think the main centres of trouble were in the coastal cities but I believe that the dope problem can be found now in almost every large city of Canada. The worst aspect of the whole thing is that it is affecting the youth of our country more than the older people.

Mr. Martin: But that is not true.

Mr. Thomas: It is coming to that. The minister says that is not true, but it is coming to that point.

Mr. Martin: If my hon. friend knew the difficulties of enforcement he would understand why I am so concerned about such a

statement being made. I assure my hon. friend that is not the fact, and when we come to certain sections of the bill I will be able to indicate that. It would not be fair to lead the world to believe that the youth of Canada are now more victimized by this depravity than the older population of our country, because that is not the situation.

Mr. Thomas: Possibly if the minister had let me complete my statement, I would have clarified it. I did not intend to say that at the present time there are more youths than older people taking this drug, but the fact remains that the problem, so far as the youth is concerned, is getting worse. It is getting worse for the very reason that the dope peddlers are getting children started in order to obtain further outlets. In many cases these youths are started when they are quite young, they become addicted and have to have the drug. The peddler simply says, "All right, you go out and find more people to take it and sell it and we will furnish you with whatever you need." In that way, the problem is becoming more and more serious so far as the youth of this country is concerned.

As a matter of fact, I do not know how true it is but not long ago I was told that if you want to get any narcotic in Edmonton you go to one of the better-known high schools. I could give the minister the name of it in private, but I do not want to make it public. It is said to be the centre of the dope trade in the city of Edmonton.

Mr. Martin: I can assure my hon. friend that is not the case. We know where the centre is.

Mr. Thomas: I am glad the minister assures me of that. As I said a moment ago, I am not sure of the reliability of the source of my information, but that was told to me and I pass it on to the minister in case he wants to take another look at it.

I shall go along with the member who spoke last when he said that he believes the penalty should be more severe. So far as I am concerned I think it should be more severe. I feel that the maximum of fourteen years should be made a minimum of fourteen years. In any event, if anyone is caught peddling dope to a minor in this country, I think he should be sentenced to life imprisonment, because he is killing that youth as surely as if he took a knife to him, and in a whole lot dirtier way. Such a young person will be condemned to a sort of living death for many years. As previous speakers have done, I should like to urge the minister to consider consultation with the provinces in the setting up of clinics across the country. I know the hon. member for Winnipeg South said he did not agree that was a solution. It is not a solution because you cannot reform an addict if he does not want to be reformed.

The last speaker said that these drugs are being cut down until they reach the point where ten cents' worth is sold for about $10, or about 100 to 1 profit. If the people who used the drugs felt that whenever they had to have them they could go and get a minimum shot at some supervised clinic, then they would not have to go to these illegal peddlers and pay such enormous prices. It is not the use of the drug itself that causes the crime, it is the need for it; that is what drives the addict to commit robbery and so on. Many of these addicts could be a credit to society. They could lead useful lives if they could be kept on a minimum dosage. Such a scheme has been tried, as was pointed out earlier, in many European countries. These European clinics also offer medical and psychiatric treatment, and in some cases perform cures. However, if they cannot cure the addict they can at least help him to lead a normal life.

I do not think I can usefully add anything more. I do not want the minister to think I am condemning the youth of Canada for using drugs. I do not want to overemphasize the situation so far as the youth of Canada is concerned, but I would remind the minister that the most fertile ground the dope peddler can find is amongst the youth of this country. I would urge that the death penalty or life imprisonment be imposed upon anyone caught peddling drugs to minors.

Mr. Deputy Speaker: If the minister speaks now, he will close the debate.

Hon. Paul Martin (Minister of National Health and Welfare): I thank the hon. member for Rosetown-Biggar (Mr. Coldwell) for his words of tribute to the law officers who are responsible for the enforcement of this very important measure.

First of all, I should like to take this opportunity of announcing that Canada will, as of January 1 next year, prohibit the legal importation of heroin into this country. This decision is in accordance with the terms of the resolution unanimously adopted by the world health organization in May, 1953, which provided that the manufacture and use of heroin for any purpose be abolished. Canada, of course, supported this resolution which was unanimously approved at the meeting of the narcotics commission of the United Nations a month ago. The implementation of this resolution will not work any

hardship or inconvenience on medical practitioners, since other less dangerous drugs with equally effective properties are available in substitution for heroin.

The prohibition of the importation of heroin will not, of course, affect the legitimate use of such stocks of heroin as are at present in this country. It will mean, however, that no further importations of this drug will be permitted, and as heroin is not manufactured in Canada there will be no further supplies available once the stock as of January 1 is exhausted by legitimate agents. While no immediate effect on the incidence of addiction can be expected from the prohibition on the importation of heroin, an eventual reduction in world supplies of this drug will undoubtedly substantially help in reaching a solution of this portion of the problem.

Mr. Coldwell: What is the chief source, the legitimate source, of this drug?

Mr. Martin: There are several legitimate sources. I do not think it is desirable that I should name the areas at this time. As the hon. member for Winnipeg South said, in at least one instance the drug is supplied with the knowledge of the government of that nation.

It is impossible to say exactly how many persons in Canada are addicted to the use of narcotic drugs. The number is not likely much more than 3,000. The geographical distribution is confined mainly to the larger cities, with the majority being located in Vancouver and the substantial remainder in the cities of Toronto, Montreal, Hamilton, Windsor, Winnipeg, Edmonton and Calgary. In the discussion that we have had thus far, I think the house has indicated that there is a keen interest and a strong desire to cope as effectively as possible with this unfortunate human problem. I cannot agree that there is any country much worse than another. I think that the enforcement agencies on the continent of North America are more effective, however—and are recognized as such—than in any other countries of the world. As the United Nations itself has indicated, the statistics of some countries do not really represent the situation in those countries, whose reporting quite obviously is inadequate. To suggest, as is said officially, that there are only 300 addicts in one country when I happen to know, on the admission of the minister responsible, that there are many thousands, is not to give any indication of what the real situation is.

And so this is a human problem, and the solution is by no means an easy one. It is one for which mankind has been striving for a long time. I might say to the house that there has been no other problem in my department that has given me more concern, and about which I have spent as much personal time, as this one. It is a very difficult problem and, so far as I am concerned, it is my desire to make as great a contribution to its solution as I can.

Valuable as it has been, the discussion this morning has revealed that there is a great deal of confusion and misunderstanding with respect to the kind of people who are addicted, their motivations, and what we can do to help them. Nothing was said this morning about the decision taken by the government a year ago, which I announced in the house, in our efforts to try to do something not only on the punitive but on the curative side. It will be recognized that under our constitution the punitive aspect is clearly the responsibility of the federal government. Constitutionally, the curative is the responsibility of the provincial governments who, alone, have the primary responsibility for health policy.

Recognizing however that the problem is national, I announced a plan of action a year ago in the house in an effort to try, in cooperation with the provinces, to cope with this matter. As a result we now have operating in British Columbia a committee headed by one of the most distinguished mental health authorities in the country, Dr. George Stevenson, formerly head of the London mental hospital, who is engaged in a most vigorous study of this problem in British Columbia at the present time.

The decision to set up such a committee was arrived at as the result of agreement with the government of British Columbia. The full cost of the committee's operations is being borne by the federal government. The aim is to see whether, from a careful study of the individuals in that province and elsewhere who use drugs, and from a consideration of other situations connected with this problem, we can learn what has not been learned in other jurisdictions in other parts of the world. And just as quickly as that group has made its findings, and they have been submitted, I have told all the provincial governments in Canada that we will be prepared, under the national health program, to consider proposals—which, basically and constitutionally, mind you, are provincial—in an effort to deal with this problem on the curative side.

What the results will be, I do not know, but I do know that the committee will be interested in doing what I, myself, did a year and a half ago when, in company with officers of my department, I visited two

institutions in the United States where an effort is being made to deal with this problem on a curative basis. I told the house about this a year ago. However, this morning's discussion revealed that apparently on that occasion I did not stress sufficiently what I had said.

The effort made in those two institutions was to get drug addicts under their control—control of the doctor, control of the psychiatrist, control of the social psychiatric worker, and the like—to see what could be done. I think I should say that the results have not been very satisfying in those two institutions—the only institutions of their kind in the world.

However, the achievements or the results of this kind of control and treatment are being considered carefully for study here at home. We are also studying the experience of clinics established in a certain number of states in the United States. I am thinking particularly of clinics in Los Angeles where a drug addict could go and, under the supervision of a doctor, receive treatment in given quantity. I can say that those who have given this matter study are wholly convinced that that certainly is no solution. To give unlimited quantities of drugs to addicts is not to help them, and certainly it is not going to result in any successful mitigation of or reduction in the incidence of crime or the amount of addiction. Those clinics were closed because the bitter experience was that they increased the drug addiction habit.

And so, while it may look easy to suggest that one way to control this problem is to give an addict all he needs, until he is satisfied, in the absence of a place where he can be controlled and continuously supervised that solution is one which does not commend itself to us at this time.

In the two institutions to which I referred there is an abridged form of the unlimited-use procedure. But there the results, likewise, have not been, as I indicated a moment ago, as successful as we had hoped they might be. And so we are faced with this very human problem, this very difficult human problem, that has taken hold of other countries as well as our own.

We are fortunate that our situation is by no means among the worst. I think it is sufficient here to reiterate what I said before, that in spite of the publicity that from time to time has been given to an occasional—I will not say "indiscretion" because the word is not strong enough—to an occasional action on the part of some minors in our country, they do not represent the youth of this land.

In Vancouver, the city where the number of addicts is greatest, in the last two and a half years the number of minors under the age of 21 using drugs was much less than 25. I do not want to give the exact number, for a reason that may sound odd, but which is in fact a very good reason, and has to do with a particular case that is now current. But this does not in any way reflect some of the newspaper accounts that have been given—newspaper accounts that have gone outside this country, which I could show to hon. members and which, as they do not really reflect the true situation in this country, do not do our country much good.

Someone will suggest that the role of the police officer is one which does not suggest a cure or a remedy for this problem. I quite agree that, on the curative or medicinal side, there can be no doubt about that. But we must not let our interest in humanity run away with the practical situation that attends us, because the greater number—and I say this advisedly—the greater number of drug addicts in this country are individuals who, before they began using drugs, were certainly individuals who came within the reach of the law officers of the crown. And the amount of trafficking that goes on among so-called innocent drug addicts is, I am sure, much greater than the house would think was the case. Therefore we have to try and appreciate what we are seeking to do in the bill now before us. We have to try by effective enforcement measures, which are not at the present time what we would like, to deal with certain situations that we want to get at, which I think with these amendments we will be able to get at in the course of the next few months.

This does not represent all that we are going to try to do. I hope that once the Stevenson survey has been completed in Vancouver and other studies in the country have been made pursuant to the activities we shall be able once again, in co-operation with the provinces, to see whether there is not something more that we can do on the curative side. I assure the house of my very deep interest in seeing that this is done. I should say also, contrary to common belief, it is not an easy thing to buy drugs in the illicit market in Canada, and the source of entry is not the city of Vancouver.

Vigorous enforcement has taught drug traffickers to be wary in their transactions. They deal only with persons known to them, and whose bona fides have been established. Hon. members will have read in the press that the police investigators who have lived with and as addicts in order to be accepted by the fraternity in their efforts to expose the traffickers have had a remarkable

measure of success which we hope under these new amendments will be even greater.

I thank the house for its interest in this problem. I am sure that this general debate has been helpful. Regardless of where we sit in this house, we are all engaged in trying to arrest this problem. The amendments to the act which we are dealing with at the moment are relatively simple, but they will give us power more effectively to deal with the very serious problem of trafficking. We shall deal with the larger problem, as I say, when we have, as a result of our survey, a further opportunity of discussing this with the provincial governments. I hope that survey and that kind of co-operation will give us an opportunity of taking a forward step in this very vital matter.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Definitions.*

Mr. Blair: Mr. Chairman, I find myself in complete agreement with what the minister has said about this. There has been a tendency to regard this as a problem that has been written up in the Sunday supplements and in some of the cheaper literature in a way that appeals to the morbid in our makeup. But I also find myself in agreement with my colleague, the hon. member for Winnipeg South, regarding the question of treatment, and the ability of doctors, druggists and so forth to obtain drugs. Under this first clause I want to say a few words on this matter.

Several times in the debate the minister had to pause to mention the fact that quantities of the drugs could be prescribed by doctors and were available for so-called treatment. In this I wish to pay tribute to the narcotics branch. They have done a wonderful job; but where an addict is registered with the department—and the minister will correct me if I am wrong in this—it is possible to obtain a sufficient amount of the drug to carry him on. Some of these unfortunate people—and they are not all the type we are talking about—become addicts owing to some chronic disease, or something of that nature. This clause will appeal particularly to them.

There is a matter of argument about treatment. Personally, I agree with the hon. member for Winnipeg South that, in so far as treatment is concerned, it is difficult to believe these people at any time. They are moral degenerates. Again I agree that unless these people are under supervision there is no chance of treating them as ambulatory cases, so that the argument regarding total withdrawal versus this kind of treatment is a particularly difficult one. I do feel that they should be placed in an institution. To those people who are arguing against this sort of thing and the whole withdrawal of the drug, and who would like to obtain quantities of it outside, I say it is not a successful type of treatment.

I mention these facts on this first clause in order to correct some of the impressions that have been made. I also agree with the minister that this matter is not so severe in Canada. It is not such a large question, but it is a dangerous one. It is not as great as we would be led to believe by literature of the type I have mentioned. I do not believe that the young people are concerned in this matter. I also agree that those people were probably psychiatric problems before they ever became addicts of the drug. I am glad that the penalties for trafficking are so strong.

It is quite true that those people who sell drugs are making other addicts buy and pay a tremendous price for their drugs, which leads them to some other form of criminal act in order to obtain money with which to buy the drugs. But I simply want to clear up the matter with respect to this form of ambulatory treatment. The drug addict will once in a while write an article for some periodical in which he will complain bitterly that it would be far better for him if he were given a limited supply of this drug. Remember this: none of these people can be trusted. There is only one way in which to treat these people, and that is to put them in an institution, and the question of withdrawal or the cutting down of their drugs can then be considered. To treat them as ambulatory cases is just simply out of the question.

We do get the impression that this is a tremendous problem, and that the young people are faced with it. I was glad to hear the minister decry that sort of thing. I do not think it is so severe as all that, but it does exist. It can become a problem here. Any measure taken to cut down on the trafficking in the supplies of this drug is a measure well taken.

So far as heroin is concerned, there are uses for it, but we can get along very nicely without it. It is one of the most dangerous of drugs, a derivative of opium. Practically all of them come from the one source.

I am glad that every person has spoken in favour of this bill; every person is of the one mind, namely, that this is a dangerous thing; but let us get away from this Sunday supplement lurid thinking, as I suggested, and tackle this question on a common-sense basis,

recognizing that in some areas it does create a problem, particularly where there are traffickers who control some of these people who are led to make money out of it. Let us look at it on that basis. I do not like any suggestion that the youth of Canada has been concerned in this matter at all. I do not believe that. Our country is small; but, as our population grows, the traffic again becomes a problem.

I said I recognized there were uses for heroin, but there are other drugs that can be used in its place. We can get along very well without it. It is the most dangerous of all the drugs that we might consider under this act. The best thing we can do is to consider this act on the same basis and try to deal with the question as the act proposes to deal with the traffickers, those who are concerned in spreading opium derivatives throughout the country and inducing other people to use them. There is a tendency on behalf of the addicts to teach others. They do like to teach other people to become addicts. The whole question so far as this bill is concerned is this. Is the legislation adequate; does it provide suitable penalties; and is there anything further we can do to cut down this traffic in illicit drugs?

The Deputy Chairman: It being one o'clock—

Mr. Martin: Mr. Chairman, shall we carry this clause?

The Deputy Chairman: Is it the desire of the committee to hear the minister on this clause?

Mr. Martin: No, Mr. Chairman, can we pass this clause?

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Mr. Winch: But, Mr. Chairman, I would like to discuss some of the remarks made by the previous speaker.

Mr. Martin: The hon. gentleman was really discussing the matter in a general way. Could we not pass clause 1? I think that is the general wish of the committee.

Clause agreed to.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

The Chairman: When the committee rose at one o'clock we were discussing clause 2. Shall the clause carry?

Mr. Winch: Mr. Chairman, at the time that we rose I expressed a desire to speak on certain statements made by the hon. member for Lanark. The minister asked if we could pass clause 1 and said that it would be all right if I could discuss what I had in mind on another clause. May I discuss now, under clause 2, the remarks that I had in mind?

Mr. Martin: What were they?

Mr. Winch: The remarks that were made by the hon. members for Lanark on clause 1.

Mr. Martin: The hon. member is referring to the doctors and so on?

Mr. Winch: Yes; and the abnormality which he mentioned.

Mr. Knowles: Perhaps clause 3 is the more general one.

Mr. Martin: I would suggest that the hon. member go ahead. I should think that we should indicate now that the general discussion took place in the general debate before we went into committee. It is true that I did not intervene when the hon. member for Lanark was speaking. I refrained from doing so because he had been cooperative, as have all hon. members. However, I think we should, in so far as we can do so, try to be as specific as we can. It might be better for my hon. friend to wait until we come to the section dealing with the regulations later on.

The Chairman: Shall clause 2 carry?

Mr. Blair: When the house rose at one o'clock I think the minister agreed that the hon. member would have a chance to answer but was anxious to get the first clause through.

Mr. Martin: I do not think the committee would mind allowing the hon. member to go ahead, but we would not want to make this procedure the rule.

Mr. Winch: Mr. Chairman, on this clause, tying in with clause 1, I should like to say first of all that I appreciate greatly the statement made by the Minister of National Health and Welfare at the conclusion of the debate on second reading of the bill. But on the discussion of clause 1, which now ties in with clause 2, I should like to say that the experience of the hon. member for Lanark, in my opinion, does not tie in first of all with my own personal experience, not as a medical man, but in interviewing a number of addicts in the past fifteen years in British Columbia. It also does not tie in with the findings of doctors in the United States who have made an investigation of a number of cases.

From the remarks of the hon. member for Lanark I gathered that a great majority of those who become drug addicts start from a position of being abnormal. Unfortunately there are not any studies that have been made in Canada on that phase as yet. I greatly appreciate the studies which are now being instituted by the Minister of National Health and Welfare. The only record to which I can go back is the record of Great Britain and Northern Ireland. I cannot agree that, in the main, those who start on drug addiction are abnormal. If that statement is correct, according to the studies made in Great Britain it is a reflection on the professions and especially on the doctors' profession. I do not believe that the majority of the doctors' profession who unfortunately become addicts were abnormal when they started on the addiction.

I am going to quote from the report of the economic and social council of the commission on narcotic drugs issued by the United Nations and I am going to quote from the report on Great Britain and Northern Ireland. In the report that was made in 1951 by the United Nations, at that time there were reported to be 301 who were addicts receiving medical aid, of whom 75 were doctors, 1 was a dentist and I a pharmacist. I think the fact that that record exists is first of all because of professional pressure and, in the second place, because of the proximity of drugs.

In studying the report of the United Nations I find that in a majority of cases where there is a registration system, it is the professional services which are involved. I do not think they are abnormal when they start. I have had drawn to my attention only three studies of addicts made on the North American continent, and they were made in the United States. Unfortunately I have not the report of the three studies but I have with me a report made on two of the studies. Those studies were made by Dr. Lawrence Kolb of the United States public health service and Dr. Charles Schultz. May I say, sir, that they were investigating only whether persons, as they became drug addicts, were normal or abnormal. I am not going to take up the time of the committee by giving all the results. I shall give only their final conclusion, which was as follows: They admit that normal individuals not only become addicted but that once they are addicted they may have as much difficulty in quitting as does anyone else. Under their evidence it is shown that although the majority, in their estimation, are abnormal at the time they take to drugs, a high percentage are strictly normal at the time they start.

In view of the evidence in Great Britain that the highest percentage of those who take to drugs are from the professional services and from the doctors' services, I think we can take it as conclusive evidence that a great majority start as normal individuals but, because of circumstances, pressures and strains, use drugs as an escape.

I was most interested in one phase of the remarks made by the hon. member for Lanark. That ties in with the most interesting information given us by the Minister of National Health and Welfare with respect to the rights of the medical profession to take care of drug addicts under the present legislation. This is going to be my final statement on this phase of the matter. It may not sit very well with those members of the house who are of the medical profession, but I do want to make this statement because of my interest in the subject, my own experiences in British Columbia over many years and my conversations with a great many doctors in that province and some in other provinces.

I should like to tell the Minister of National Health and Welfare that there are a great many medical men in the dominion who do not realize that they have the right to treat an addict and, if necessary, issue prescriptions to him based on their diagnosis of the case. I know that for a fact because I have talked to a great many doctors. I should like to recommend to the minister that either his own department or the national association of doctors should see to it that the position of doctors under the law is made clear to all practising physicians in Canada. My personal experience is that a great many in the profession are not aware of their legal position.

There is one other matter to which I should like to refer. Contrary to the experience of the hon. member for Lanark, and I know he speaks from his own experience, as a layman who has discussed the problem with addicts in western Canada I have found that there are many who want to be cured. There are many who do not want to resort to criminal activities, thereby landing themselves back in jail. On more than one occasion I have tried to refer such men and women who have come to me to the medical profession and I have come up against a very serious obstacle, the reason for which I can quite understand. Under the law as it now exists doctors can take drug addicts as patients and can issue prescriptions for their requirements day by day or week by week. But I want to emphasize that because of their understanding of the law a great many medical men who are humanitarian in outlook and by nature and who would like to look after drug addicts are afraid to do so.

The reason that has been given to me by more than one British Columbia doctor is that if they started to issue prescriptions to drug addicts, even after their own diagnosis, the first thing that would happen if they issued more than a very few would be that the R.C.M.P. would come right to their offices—I agree with their doing that—and wanting to know why they were issuing that number of prescriptions and why these people required the amount of narcotics they were buying. Perhaps because of ignorance of the situation these doctors said that they might be subjected to investigation and inquiry on account of the narcotic prescriptions they had issued from the point of view of whether they were legal or illegal and whether they were issuing bona fide prescriptions or were actually, in a legal sense, peddling narcotics.

That is a serious situation to me, and I have been told that by more than one doctor in the province of British Columbia who believes that something should be done about addicts. I can understand their worry and their indecision. That is my experience as the result of my conversations with a number of doctors. I want to draw that to the attention of the minister to emphasize what I said on second reading, namely, that I believe that a more intelligent program of spreading knowledge among the profession, the general public and addicts will prove very beneficial to all concerned.

Mr. Blair: Possibly I was responsible for the use of the word "abnormal", but I was simply pointing out that people who are chronic invalids and are suffering from some chronic condition are led into the position where they do require further supplies because they find it very difficult to cut out the drug entirely. Possibly the physical condition which necessitated the drug in the first instance is still in existence. That type of patient would do very well on ambulatory treatment with a supply of narcotics given to them. That was the type of person to whom I referred. Other than that, the drug addict is abnormal only in the fact that he has terrific difficulty in exerting the will power necessary to do away with this terrible addiction.

So far as treatment is concerned, an argument may arise whether it would be better to have ambulatory or institutional treatment. I hold that institutional treatment would be better if you had the institutions capable of handling these people. One must realize that, having become addicts, they are really ill, and sometimes when they are thrown into jail and subjected to sudden withdrawal of the drug they go through the tortures of the damned. I realize that these are sick people and I feel that if institutional treatment leading towards a complete cure could be provided it would be a desirable thing. The bill has given rise to this discussion although I think it was primarily meant to deal with the traffic in illicit drugs.

Clause agreed to.

On clause 3—*Offences and penalties.*

Mr. Knowles: I should like to ask a question or two on clause 3. I note that the penalties provided in the new subsection 1 of section 4 as it will be enacted by clause 3 of the bill have attached to them the phrase, "the court has no power to impose less than the minimum penalty prescribed in this subsection." I note also that no such provision is attached to the penalties provided under subclause 2 and subclause 3. Looking at the matter as a layman, it appears to me that the offences in subclause 2 and 3 are more serious than the offences in subclause 1. If that is the case, why should there be that difference so far as the penalty is concerned?

Mr. Martin: We are dealing in the first case with addicted people for whom we feel that a minimum sentence of six months is desired.

Mr. Blair: For the purpose of cure.

Mr. Knowles: It is clear, is it, that in the first case we are dealing with people who may be addicts?

Mr. Martin: That is right.

Mr. Knowles: Whereas in the second and third cases we are dealing with people who are, in one form or another, trafficking in dope.

Mr. Martin: That is right. Our experience in the courts has a disposition to treat the addict more leniently than is otherwise the case, and that is why we are making sure we at least have a minimum of six months. Our experience has shown that often judges have a sympathetic heart, not fully appreciating the situation, and in some cases do not impose even the proposed minimum; but they generally do in the case of trafficking.

Mr. Knowles: Is it the view of the minister, that the minimum sentences imposed upon those who have become addicted should not be subject to the discretion of the judge—after all addicts are sick people—but that discretion should be allowed in the case of traffickers or peddlers? It would seem to me that the provision I have quoted should be attached to the other two classes, rather than to the first class.

Mr. Martin: Our view is just the opposite.

Mr. Philpott: I want to say a word on clause 3 with regard to penalties for trafficking. It seems to me we have had some interesting discussion here today about the necessity for institutional treatment of people who are addicts. I feel that in any enlightened society there should be every sympathy for the victims of the drug addiction habit. If anything, this bill errs on the side of leniency for the people who are guilty of trafficking in drugs.

I do not know, Mr. Chairman, whether in any civilized society the community is justified in retaining the death penalty. But if we are justified in any respect in retaining the death penalty for murder, for treason or for assisting an enemy—not long ago we passed a bill making it an offence to assist an enemy even with whom we are not at war—in my opinion the trafficker in drugs should be liable to the extreme penalty. The same is true of the person who deliberately organizes the sale of narcotic drugs. He is not only a traitor to his country, but he is a wholesale murderer. If anything is clear it is the fact that the victims of this drug habit are destroyed in their entire personality; they are destroyed physically; they are destroyed spiritually; and they are destroyed as human beings. In my opinion, as long as we are going to retain the death penalty, we should impose the death penalty upon traffickers in drugs.

Mr. Winch: Could you inform me, Mr. Chairman, whether we are considering clause 2 or clause 3?

The Chairman: We are considering clause 3; clause 2 has been carried.

Mr. Winch: I am not quite certain as to whether this question should be asked on clause 3, which deals with possession, or clause 8, which deals with occupier. If I may, sir, I should like to ask a question on clause 3 because it deals with possession. Can the minister explain to me what is meant by possession? I have in mind a case that occurred in the city of Vancouver. A known drug addict had a room in a hotel, to which he invited certain guests. There were two women and a man who had a criminal record, but no conviction whatever in respect of drugs. The room was raided by the R.C.M.P. who found in it a small amount of drugs.

When the case came to court the two women were discharged, and the one who was the registered owner of the room and a known drug addict was found guilty. The man who was known as a criminal, but who had no convictions with regard to drugs and who said he was only a visitor, was also found guilty under the narcotics act. I am not saying a word on behalf of the criminal except to ask why a man who was a guest in a room, and who had no convictions under the narcotics act, should be charged under that act?

Mr. Martin: I do not know what the facts are. If my hon. friend will speak to me about it, I shall be glad to look into it. Of course, it is a judicial act.

Mr. Winch: Yes, I am interested now in the section on possession. Does the wording of this mean that if you happen to be in a domicile, whether it is a hotel, motel or a home, where there are drugs, you shall be charged as—

Mr. Martin: A charge could be laid under clause 8 of the bill; that would be the clause. It is what is called in law constructive possession.

Mr. Winch: That is very important. Does it mean a completely innocent person can be charged?

Mr. Martin: It is a matter of evidence. My hon. friend is putting a hypothetical case to me. Possession can be proven in many ways. There could be actual possession or what is known in law as constructive possession. If it is a matter of constructive possession and the crown wishes to base its case on the circumstances related by my hon. friend, it would be a matter for assessment and determination by a judicial officer. If it was a matter of constructive and not actual possession, it would come within the provisions of clause 8 of the bill.

Clause agreed to.

On clause 4—*Licensed person not to supply drugs.*

Mr. Mitchell (Sudbury): In speaking on clause 4, Mr. Chairman, I should like to touch merely on that part of the narcotic drug act that has to do with the administration of this act and particularly the part that affects pharmacists in their everyday duties of handling narcotics and narcotic compounds. In this connection I might say that we prefer the use of the word "pharmacists" rather than the word "druggists" as set out in this bill. The word "pharmacists" is naturally the proper one inasmuch as the faculty in the University of Toronto is the faculty of pharmacy and students graduate with the degree of pharmaceutical chemist, pharmaceutical bachelor and so on. At no time does the word "druggist" enter into that particular faculty. I should like to draw to the attention of the department the fact that "pharmacists" should be used in the hope this will be corrected

at some later time. I think there is a suggestion that the word "druggist" will be altered in the act and the word "pharmacist" used.

The portion of the Opium and Narcotic Drug Act about which I was going to speak is the result of the fine co-operation between this department and the various pharmacist groups, particularly in the province of Ontario. I had the privilege of serving on a number of these, and the regulations that have been brought about by these co-operative meetings have been very much appreciated by the pharmacists. There were certain regulations and alleviations for which we asked. These were very thoroughly considered; and I might say that practically all the regulations have been written into this bill. In fact, the department has gone even farther and given us concessions for which we had not asked. I feel that this shows sound administration of what we believe is good legislation.

As you are probably aware, the pharmacists are the custodians of the larger stock of these drugs in their stores where they are kept under lock and key, according to regulations, for use when a prescription authorizing their use is received. When this order, or prescription, is received we are perfectly at liberty to dispense it, ascertaining, of course, that it is properly signed and dated by the prescribing physician.

Under the new regulations, which I would like to speak about particularly, some alleviation of the act is suggested which will be a great help to the public, the physician, and the pharmacist. It must be understood, of course, that the medication prescribed would be in the nature of narcotic compounds and not the straight narcotics as we know them. In other words, a written prescription is necessary for what we call the heavy narcotics such as morphine, cocaine, demerol and heroin. The act has not been changed with respect to them, and we will continue to handle them in the same way. These narcotic compounds are made up largely of codeine and in some cases heroin composition, and are used mainly in the relief of pain and coughs.

The regulations are not altered in respect to the straight narcotics which must be written by a physician and dated before being dispensed. But in the case of codeine compounds, and the like, the amendment suggests that an oral order can be acted upon and the prescription written and signed by the pharmacist receiving the order. I would draw particular attention to the word "oral". The onus, of course, is on the pharmacist to ascertain that he is talking to the licensed prescriber, in each case a doctor, before he can deliver this preparation to a patient. The advantage of this procedure can be easily illustrated and will hasten medication to a legitimate patient at all times. Suppose, after office hours, a physician is contacted at home or elsewhere by a patient for relief of a complaint for which medication containing a narcotic compound would be effective: the physician can call a pharmacy and in a very short time the patient receives the medication so prescribed. The medication, of course, must be compounded with two or more other ingredients in therapeutic doses, and cannot be for hypodermic administration.

How many of us, for example, have received a bottle of cough mixture from a physician and on returning the empty bottle to the pharmacy for a refill have been told that it cannot be done without a new prescription from your doctor. This would entail another visit to your family physician to receive a new piece of paper authorizing the pharmacist to renew this medication. Under the new amendments, the physician could be contacted by phone and, if he felt it should be repeated, the order could be given at that time, to the pharmacist. It is indeed an improvement in service to the patient and certainly less trying on the feelings of both the patient and the physician.

As for the increase in penalties for unlawful trafficking in narcotics, I will leave this to the exponents of the bill, as we pharmacists are not concerned in this phase of the act. We have our rules and regulations to live up to, and our end of the act is being carefully adhered to.

Mr. Prudham: Mr. Chairman, I rise on a question of privilege related to the remarks made by the hon. member for Wetaskiwin before the committee rose for lunch. I sent him a note about half an hour ago indicating that I was going to rise on this question of privilege. I am sorry he has not been able to return to the house.

Mr. Martin: Why not do this after the bill has been discussed—not now.

Mr. Prudham: I thought that if I were to rise now the hon. member might want to answer my remarks before this debate is concluded.

Mr. Martin: My colleague and I usually co-operate in these matters, as members of the government. I would suggest to him that the more appropriate place to raise the question of privilege would be when we come to the end of the bill, and not on this particular section. Otherwise we would have a debate covering all sorts of things which

have nothing to do with the section. If my colleague does not mind I would suggest that his question of privilege be raised at that time.

Mr. Knowles: Can you not settle it out of court?

The Chairman: I understand that clauses 4, 5 and 6 have been carried.

Mr. Martin: Just a moment, Mr. Chairman; I wish to make one brief announcement concerning the implications of clause 4, because of its interest to the medical profession and to the pharmaceutical profession generally, as was pointed out by the hon. member for Sudbury.

There are many medicines commonly in use containing small amounts of narcotic drugs, and which do not involve any danger or any possibility of abuse of the requirement that there must be a written prescription by a doctor. What I say does not apply of course to codeine, opium, demerol and that type of drug. What I refer to now are compounds in which these are used. Such things as cough preparations and mild analgesics containing small quantities of narcotic medication provide an illustration of this kind of preparation.

And so it is proposed under this clause to make provision by means of regulation for the prescription requirements necessary in this regard. In this connection preparations of the kind mentioned would be dispensed from now on, after the passage of the regulations, authority for which is given under this bill, on the basis of oral prescriptions or orders by the physician or other prescribing authority.

This is a concession which has been sought by the medical as well as by the pharmaceutical profession as being one which would facilitate their heavy responsibilities, and at the same time would not give rise to any possibility of abuse, nor would it permit the diversion of drugs into illicit channels. The regulations will provide of course for safeguards. A druggist will be required to reduce a prescription at once into writing. He must take steps to verify that the person giving the oral prescription was a person authorized to do so. But we feel that this is a practice into which we might venture, and it is proposed under this clause of the bill to give powers to make regulations to cover this particular situation.

Mr. Trainor: Do the regulations concerning heroin, which the minister mentioned at the beginning of the debate, come under this particular clause?

[Mr. Martin.]

Mr. Martin: Not particularly, no. This clause is purely procedural.

Mr. Trainor: What clause would cover the regulations as to heroin? I would like to say a word on that subject.

Mr. Martin: Clause 3; but we have dealt with it.

Mr. Trainor: Does clause 3 mention it?

Mr. Martin: Not specifically, but it deals with the matter of drugs.

Mr. Trainor: According to the minister's remarks, at the present time, so long as the existing stocks last, it will be possible to use heroin. I have the greatest sympathy with the department in their efforts to control the use of heroin, because admittedly it is a very dangerous drug; but at the same time there are doctors, and there are occasions in medical practice when the use of heroin may be thought to be very desirable, if not an absolute necessity. I refer particularly to certain obstetrical cases, and also to cases of hopeless and incurable cancer.

Many doctors are of the opinion that heroin is the best possible drug to use in those circumstances. I wonder whether it is altogether justifiable to deprive patients, suffering from the conditions I have described, of the use of a legitimate drug for the alleviation of their suffering? Would the minister care to comment on that?

Mr. Martin: Nothing more than what I have said; there are alternatives, as my hon. friend knows. We are one of the few remaining countries in the world left to take the step of preventing the importation of heroin. We have discussed this with the Canadian Medical Association and the best medical skill that we have in the country, and that is their judgment. The decision was based upon that advice and on our obligation as a member of the United Nations.

Mr. Trainor: Did that advice come from the Canadian Medical Association?

Mr. Martin: We discussed it with the Canadian Medical Association.

Mr. Trainor: I am satisfied.

Clause agreed to.

Clauses 5 to 11 inclusive agreed to.

Mr. Prudham: Before the bill is reported I should like to state my question of privilege. When the hon. member for Wetaskiwin was speaking I was called out to the telephone. On my return I heard the conclusion of his remarks and hence was not able to answer him at that time. My question of privilege is

that he made a very slanderous statement which casts reflection on the high school students, the high school teachers and the board of education of the city of Edmonton.

The Chairman: Order. I am afraid, from what I have heard so far, the minister is not discussing a question of privilege. He might be in order to carry on a discussion of this kind on the title, but it is not a question of privilege.

Mr. Knowles: If any damage was done, this is going to make it worse.

Mr. Prudham: Thank you, Mr. Chairman. I was able to get a transcript of what the hon. member said leading up to the remarks that I take violent exception to. He said:

> Until a short time ago I think the main centres of trouble were in the coastal cities but I believe that the dope problem can be found now in almost every large city of Canada. The worst aspect of the whole thing is that it is affecting the youth of our country more than the older people.
>
> Mr. Martin: But that is not true.
>
> Mr. Thomas: It is coming to that. The minister says that is not true, but it is coming to that point.
>
> Mr. Martin: If my hon. friend knew the difficulties of enforcement he would understand why I am so concerned about such a statement being made. I assure my hon. friend that is not the fact, and when we come to certain sections of the bill I will be able to indicate that. It would not be fair to lead the world to believe that the youth of Canada are now more victimized by this depravity than the older population of our country, because that is not the situation.
>
> Mr. Thomas: Possibly if the minister had let me complete my statement, I would have clarified it. I did not intend to say that at the present time there are more youths than older people taking this drug, but the fact remains that the problem, so far as the youth is concerned, is getting worse. It is getting worse for the very reason that the dope peddlers are getting children started in order to obtain further outlets. In many cases these youths are started when they are quite young, they become addicted and have to have the drug. The peddler simply says, "All right, you go out and find more people to take it and sell it and we will furnish you with whatever you need." In that way the problem is becoming more and more serious so far as the youth of this country is concerned.
>
> As a matter of fact, I do not know how true it is but not long ago I was told that if you want to get any narcotic in Edmonton you go to one of the better-known high schools. I could give the minister the name of it in private, but I do not want to make it public. It is said to be the centre of the dope trade in the city of Edmonton.
>
> Mr. Martin: I can assure my hon. friend that is not the case. We know where the centre is.

That statement or implication, Mr. Chairman, is a slanderous reflection on every high school student and every high school teacher in the city of Edmonton and on the board of education, and for that matter on the police force. I believe that the hon. member should rise in his place and apologize for having made that statement. If the hon. member is aware of that condition, he should have brought it to the attention of the authorities. I wonder whether he brought it to the attention of the attorney general of Alberta. If he did so, I wonder what action, if any, has been taken or what action the attorney general of Alberta intends to take.

As a representative of the city of Edmonton, I believe it is my duty to speak out in defence of the children of our public and separate high schools. I know that the parents of those children would want me to do so. I do not believe that the hon. gentleman gave much thought to what he said before he made the statement, and I believe that in his own interest and in the interests of everyone concerned he should rise in his place and apologize.

Mr. Thomas: I do not think the minister heard the exact words I used this morning.

Mr. Prudham: I quoted from a transcript of the hon. member's remarks.

Mr. Thomas: That is fine. I did not make a direct allegation. I merely told the minister that it had been told to me, and I was giving it to him for what it was worth.

Mr. Prudham: The inference could be drawn from the hon. member's remarks.

Mr. Thomas: I made it perfectly clear before, and I am still not making any charge. I said:

> As a matter of fact, I do not know how true it is.

And then I went on to say:

> Not long ago I was told—

Mr. Prudham: Did the hon. member tell the attorney general?

Mr. Thomas: I have not had a chance to talk with him since.

Mr. Prudham: The telephone is handy.

The Chairman: Order.

Mr. Thomas: If the information is incorrect, the minister suggests that I apologize. I have no hesitation in apologizing. If the facts are not true I will apologize. I have no intention of passing any reflection whatsoever upon Edmonton or upon the schools or anything else; but I did tell the minister, for his own information, what I had been told, if he cared to act on it. I indicated that I felt he should be told that, and as I indicated before, I again said I did not know how authentic the information was. It was told to me casually and I passed it on to the minister for what it was worth.

Mr. Martin: To clear this up, the hon. gentleman says that having heard the facts are not as he stated them this morning he

withdraws unreservedly. That is the case. I say that for the good name of the youth of this country and of the schools, the mounted police have investigated every rumour and every suggestion that from time to time has been made that certain schools were the centre of dope rings, and in every case investigated—and there were over 20 high schools—the mounted police found no justification whatsoever for the charges.

Mr. Thomas: Mr. Chairman, I am glad to hear the minister say that, and that being the case I shall certainly apologize. If he wants the name of the school, though apparently that may not be necessary, I will gladly pass it on to him. Meantime, I am glad that the facts are not as I heard them.

Title agreed to.

Mr. Martin: Mr. Chairman, may I just say a word in answer to the hon. member for Rosetown-Biggar who asked me about the ratification of the opium protocol. I should have observed that Canada ratified the 1953 opium protocol during the first week of May 1954, the necessary instrument of ratification having been deposited with the United Nations by our permanent delegate at New York at that time.

Bill reported, read the third time, by leave, and passed.

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

Hon. Paul Martin (Minister of National Health and Welfare) moved the second reading of Bill No. 462, to provide for allowances for disabled persons.

He said: Mr. Speaker, the measure to be introduced to the house at this time is one which, I think, will be marked by a singular approach to unanimity. Few groups of disadvantaged persons in Canada today command the interest and sympathy of the general public to an extent comparable to the disabled, and any measure which seeks to aid constructively those who are permanently and totally disabled is bound to attract the support of all sections of Canadian opinion. I am sure that what I have said is true of all political groups represented in this chamber and you will therefore, Mr. Speaker, readily appreciate the feeling of personal satisfaction which it gives me at this time to be the minister responsible for introducing one more in a series of important social welfare measures by which this government has built up through the years a comprehensive program of social security in a responsible way for the people of Canada.

[Mr. Martin.]

Mr. Fleming: Haven't you one good word to say for parliament?

Mr. Martin: I am sure that almost every hon. member present has had some personal experience within his own family circle, or within the immediate circle of his friends or acquaintances, which will point up the terrible tragedy which invalidity or disability inflicts on the stricken individual and his family. Certainly all of us who represent the people of Canada in this house have personal knowledge of families in our constituencies who have borne unflinchingly through the years the heavy burden of caring for some disabled family member. In thousands of homes across this country Canadian families continue from day to day to carry this heavy burden of responsibility. Most of them carry it without complaint. Only those who have lived in daily contact with such distressing helplessness can fully appreciate the physical, financial and mental strain it can place not only on the helpless individual himself but on all the members of the family group.

To see a young man or a young woman in the full vigour of youth stricken suddenly with some heart-rending disability is a tragedy whose burden can never be fully lifted from the shoulders of those families on whom misfortune falls. Though we, the fortunate and healthy members in society, can do so little to help relieve a tragedy of this kind, and although medical science with all its miraculous accomplishments cannot as yet unlock the secrets of these disabling conditions, we can at least by this measure agree to share some part of the financial burden of caring for the afflicted member.

If we cannot help to ease the mental strain or share the physical burden of care, we can do something to alleviate the financial distress that comes from loss of earning, and to assist in meeting the added financial costs occasioned by invalidity, to ease the pinch of poverty in the home where lack of means accentuates the burden of total and permanent disability.

The measure, Mr. Speaker, now before the house seeks to achieve some part of that objective. It will bring some financial relief to thousands of individuals, and to thousands of harassed, distraught and overburdened families, weighed down with the constant load of caring, day and night, for some helpless loved one.

More than that, through the stimulus which it will give to rehabilitation measures for those who are disabled, this program of disability allowances will bring new hope, new comfort, and new confidence to many others who can be cured but who, failing

early rehabilitation, face only a future of increasing helplessness and bleak despair. By turning the spotlight of enlightened and progressive legislation on this hitherto neglected area of social need, we shall achieve increasingly from year to year our twofold purpose of successful rehabilitation to lives of greater usefulness for large numbers of disabled persons and, no less important, a measure of comfort and security for the most helpless of our fellow citizens, the totally and permanently disabled whose welfare is this present legislation's principal concern.

When I spoke briefly on the resolution stage I referred to the interest of the Prime Minister (Mr. St. Laurent) in this matter, and I am glad to see him in the house at this time. I would say to him that I am sure all parties will recognize that this measure is due to a large extent to his initiative. I also want to pay my tribute to hon. members on all sides of this house, notably the hon. member for Terrebonne (Mr. Bertrand), the hon. member for Fort William (Mr. McIvor), the hon. member for Temiscouata (Mr. Pouliot), who moved resolutions from year to year urging the house to give this matter the consideration which we are privileged at this time to give.

I should also mention the part that has been played by a number of provincial governments in making the early enactment of this legislation possible. Three provinces have already passed legislation to provide assistance to disabled persons. Newfoundland passed their dependents allowances act in 1949, Ontario passed their disability pensions act in 1952 and Alberta passed their disability pensions act in 1953.

In the case of Ontario and Alberta, it is perhaps fair to remind the house that when the federal government announced its intention of taking over responsibility for old age security for people of 70 and over, the premier of Ontario indicated that, as a result, that province would be able to save several millions of dollars and he hoped that his province would be able to bring in the measure which is now on the statute books of the province of Ontario.

Since the announcement of the government's intention in the speech from the throne to enact disability allowances legislation at this present session, five other provincial governments have already passed the necessary enabling legislation. Those governments are British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan. Therefore, eight out of ten Canadian provinces are now ready to take advantage of the federal government's offer of assistance in this field. There have been no official indications as yet from the provinces of Quebec and Prince Edward Island as to their intentions, but I am confident that all the provinces will wish to take the earliest possible advantage of this offer of federal aid and make this program applicable to their respective jurisdictions. Certainly I have no reason to think from the recent dominion-provincial conference that it is not the intention of every government in this country to take advantage of the legislation the second reading of which I have the honour and privilege of introducing at this time.

This program which we are considering today is but the latest in a series of what I think are responsible, humanitarian measures introduced by the federal government during the past fifteen years to improve the social and health conditions of the people of Canada. As I indicated yesterday when I resisted a motion dealing with a proposed increase in one phase of social security, the action which I was taking then was in part predicated upon a desire to see realized other important and, I think, desirable social measures in Canada. When I refer to the progress of the last fifteen years I have in mind the Unemployment Insurance Act of 1940; the Family Allowances Act of 1944; the veterans charter; the national health program of 1948 whose significance, I think—and I accept responsibility for this—has not yet made its impression on the people of this country or, I think, on parliament; the Old Age Security Act of 1951; and the old age assistance and blind persons enactments passed in the same year. Hence we can refer to this new measure as another step in an extremely important program of responsible action taken to provide our people with those social welfare measures which, within our capacity, we feel we can from time to time provide.

At this point I should like to outline briefly the main features of this bill, the purpose of which is to provide a nation-wide system of disability allowances. As the house will recall, this measure was forecast in the speech from the throne. The proposed legislation authorizes the payment of $40 a month to needy persons 18 years of age and over who are totally and permanently disabled. I may say that the measure now before us represents the common denominator of agreement which it was possible to reach at the recent dominion-provincial conference on this matter.

The costs of the payments to be provided under this legislation, like old age assistance payments, will be shared equally by the federal and provincial governments. This

will require enabling legislation on the part of each of the participating provinces, and the bill makes provision for agreements to be negotiated by the federal government with each of the provinces concerned. If all of the provinces join in this program it is estimated that from 25,000 to 35,000 disabled Canadians will benefit. The total annual cost will run between $12 million and $16 million, with the federal share of this amount estimated at $6 million to $8 million annually.

In its general outlines, as many members of the house who have examined the context of this bill will recognize, the wording of the new legislation closely parallels that of the Old Age Assistance Act and the Blind Persons Act, both of which received the unanimous approval of parliament in June of 1951. In nine of the thirteen sections of the bill the wording is in fact identical with that of the Old Age Assistance Act except, of course, for the references to "disabled persons" and the use of the term "allowances" instead of "assistance" to describe the payments which will be made.

The four sections of the bill containing features differing in some respects from earlier legislation of a similar kind are sections 3, 7, 11 and 13 of the bill. Most of the points connected with those sections can best be discussed, of course, when we reach the committee stage of the bill but I might perhaps draw special attention at this stage to the following matters.

The maximum amount of the allowance is set at $40 monthly to correspond with existing provisions in Ontario's and Alberta's legislation providing for disability pensions. This amount corresponds also to the provisions of the federal Old Age Security Act, Old Age Assistance Act and Blind Persons Act. The age of eligibility is set at 18 years, the same as in the disability legislation provided for in the province of Ontario. In the province of Alberta the age of eligibility is 21. To meet the concern of certain provinces, some of whom may wish to set a slightly higher age of eligibility, we have provided in section 7 of the bill that any province may, by its own law, designate a higher minimum age if it considers it necessary to do so.

With regard to the amount of $40 I may say all of the provinces thought that was the proper amount and it represents an amount beyond which they were not prepared to go. The residence requirement is set at 10 years, the same as in Ontario's and Alberta's legislation and also in the federal Blind Persons Act.

The income ceilings provided for are the same as those in the federal Old Age Assistance Act and represent the most common wish of the provinces when they were assembled in conference with us here a few months ago. These income ceilings are generally in accordance, therefore, with the preferences expressed by the provinces when we met together.

Provision is made, as is usual in legislation of this character, for the avoidance of duplication between benefits payable under this legislation and comparable benefits paid under other enactments such as the federal Blind Persons Act, Old Age Assistance Act, Old Age Security Act, War Veterans Allowance Act and provincial mothers' allowances laws. Provision is also made, following the precedent established in provincial laws already in effect, for the avoidance of duplication between benefits payable under this legislation and care or maintenance already being provided in institutions of various kinds.

The bill provides for the definition of total and permanent disability to be prescribed by regulation. The definition of this expression "permanently and totally disabled" is, of course—as was noted the other night by the hon. member for Lanark (Mr. Blair)—a highly complicated and difficult one. In framing a definition for our purposes, we will draw heavily on the experience of other countries with similar legislation, as well as that of the provinces which presently administer such programs. But even so, the definition will be subject to change and adjustment in the light of our experience as we gain it from year to year. That is why it is proposed, just as in the definition of "blindness" in the Blind Persons Act, to prescribe in the regulations, rather than in the act itself, for "permanent and total disability" to be defined.

I may add that in our department we have done considerable preparatory work on the drafting of a suitable definition, on the basis of our consultations with representatives of the Canadian Medical Association and the senior health and welfare officers of the ten provincial governments. This matter has also been discussed during the past week at the meeting of the Dominion Council of Health, where all provincial deputies were present; and the definition there formulated will go forward for consideration and, we hope, approval by the conference with the provinces which will be called, following the passage of this legislation, for the drafting of the regulations. What we have in mind in the use of this phrase is a definition that will

provide that an applicant must be permanently disabled in the sense that his disability cannot be corrected within the foreseeable future, and he must also be totally disabled in the sense that because of his disability he cannot carry out the ordinary activities of daily living and self-care.

I come now to a very important phase of this whole program, and one that is not related to benefits. That is the very important matter of rehabilitation. There are many in this country, social workers and people who are interested in social matters generally, who believe that we are a little premature in bringing in at this time a nationwide system of disability allowances because they feel that not sufficient has been done in the field of rehabilitation. However, we have given this matter our best attention and we feel that this is the appropriate moment to take the step that we are now taking.

So I come now to the matter that provides the background of this whole problem of disability. I have said that the people of Canada have always felt a special bond of sympathy for their disabled and handicapped fellow citizens. Prominent among these have been the blind, the deaf, the paraplegics, the amputees, those suffering from serious heart conditions or arthritis in seriously disabling form, and, in more recent years, the victims of multiple or disseminated sclerosis, muscular atrophy or dystrophy and other countless long-term ailments. Many of these permanent disabilities arose from illnesses for which medical science has not yet found the answer. Others result from accidents which strike with startling suddenness and in an instant maim and cripple able and healthy bodies.

The hon. member for Peace River (Mr. Low) brought a case to my attention only the day before yesterday that comes within this very classification, and the fact that we will be able to give rehabilitation services for that particular case, removed thousands of miles from the locale of the particular individual, points out the importance of what I am now seeking to say by way of background of this whole measure. In Canada, as in other countries, we have acted in many ways to meet the social and economic problems faced by a good number of these various disabled groups.

Since 1944, when the province of Ontario passed the first Canadian workmen's compensation act, provision has been made for payments to the victims of industrial accident and disease. Now all ten provinces have legislation of this kind. In some of these provinces extensive programs of medical and physical rehabilitation have been developed, their purpose being to restore the injured workman to the full physical capacity and work ability which he enjoyed before his accident. If this cannot be entirely accomplished, everything possible is done to restore him to maximum capacity and to enable him to resume an active, useful life.

These rehabilitation measures in the field of industrial accidents have not been developed on a mere humanitarian basis, however justifiable that may be. Rehabilitation measures have proved to be a matter of plain dollars and cents. Successful restoration of work capacity in the case of injured workmen means a direct saving in pension or compensation payments. Experience has shown that every dollar spent on rehabilitation means a saving of several dollars in compensation awards. Out of this has developed the twofold approach to the problem of disability, with emphasis laid first of all on active treatment and rehabilitation measures, while compensation payments provide for those whose disabilities are more serious or permanent in nature.

The workmen's compensation field is not the only one to apply successfully this twofold principle of rehabilitation and compensation or pension payments. Since the end of the first world war similar provision has been made on a comprehensive scale, as we in this house all know, for our disabled ex-servicemen. Tens of thousands of disabled Canadian veterans have received treatment and rehabilitation services in veterans hospitals to restore them to the fullest possible measure of employability and usefulness in civilian life.

This program has been an outstandingly successful one. Thousands of veterans, as a result of the treatment and rehabilitation services provided through the Department of Veterans Affairs, have had their disabilities brought under control and have returned fit to their normal occupations. Thousands of others have equipped themselves, through carefully managed retraining programs, for new occupations in which they have made successful readjustment of their lives and careers as self-supporting Canadians.

The importance of this in terms of improved morale, the preservation of independence and self-respect, cannot be underestimated. No one can fail to realize the economic and social gain for our country as a whole in the restoration to useful productive employment of tens of thousands of Canadian ex-servicemen.

What we now propose to do is to apply the lessons learned in respect of industrial accidents and war service disabilities to the benefit of our fellow citizens who suffer similar physical impairments and disabilities which cannot be attributed to war services or the hazards of industrial accident. Here, too, we have another example of what can be accomplished in dealing with the problem of specialized kinds of disability through this twofold approach of rehabilitation and maintenance payments, for we have been operating this twofold program for two decades now in respect of the blind. Since 1937 we have made special provision through blindness allowances for our fellow citizens who have lost their sight. Throughout this entire period, and indeed for a decade or more before, we have had this blind pensions program supported and reinforced by one of the outstanding rehabilitation programs to be found anywhere in the world today. I refer to the program carried on under the auspices of the Canadian National Institute for the Blind. This outstanding organization has earned for itself and for Canada a well-deserved reputation throughout the civilized world and has given us inspiration, leadership and experience for the measure which is now receiving second reading.

The C.N.I.B. operates a model rehabilitation program for the 20,000 to 25,000 blind citizens of Canada, a program of great variety, flexibility and versatility. It provides skilled educational and welfare services through its visiting teachers and field workers. It arranges medical care and treatment, including operative surgery for eye conditions. It operates its own blind workshops and home industries. It provides employment for many persons and finds employment for hundreds of others. In short, it provides all the constructive, preventive and therapeutic services which have come to be recognized as the necessary foundation and prerequisite for a program of disability allowances.

Not only the blind but the disabled of all kinds in Canada owe a great deal to the pathfinding services of this institute throughout these past thirty years. The other day the government of Canada was pleased to make a substantial grant toward the building of its new headquarters in Toronto and, as the house knows, annually in the estimates of the Department of National Health and Welfare a grant for operational services is made to the Canadian National Institute for the Blind.

The preparatory steps leading to the extension of this twofold program have now been taken in the course of these last few years. Six years ago last month, to strengthen and support the work being done by provincial agencies and by the voluntary groups, the federal government introduced a program of federal health grants amounting to some $35 million a year. At that time one of these grants was specifically earmarked for the development of services for crippled children. This grant has been used to assist the provinces in developing long-range programs for the prevention and correction of crippling conditions in children; to undertake more complete surveys to discover children in need of care; and to develop treatment clinics for the treatment of the cerebral palsy, hitherto one of Canada's most neglected health problems. It has been possible to take advantage of the financial assistance afforded by these grants to extend in many directions the possibilities of successful rehabilitation for thousands of disabled persons.

Other grants included in the national health program have been used, as the house knows, for the construction of hospitals for sick children, the provision of more adequate facilities for those handicapped by tuberculosis and other major diseases, and to stimulate research into these and related health problems. A substantial portion of the federal moneys available to the provinces has been used for the purchase of special therapeutic equipment used in the treatment of disability and for the training and employment of specially qualified health workers for provincial and local services.

Three years ago, in order to give added emphasis to the development of more adequate services for the rehabilitation of the disabled, a national conference on the rehabilitation of handicapped persons was jointly convened in Toronto by the Minister of Labour (Mr. Gregg), the Minister of Veterans Affairs (Mr. Lapointe) and myself. This conference led to the establishment of a national advisory committee on rehabilitation, to the creation of a special division within the Department of Labour to co-ordinate rehabilitation activities in Canada, to the appointment of a national co-ordinator of rehabilitation, and finally to the inauguration of a special program of federal grants in aid to assist the provinces in meeting the costs of a well-balanced rehabilitation program.

Eight provinces have now entered into agreements with the federal government covering those aspects of the program which are of direct concern to the Department of Labour—co-ordination, vocational training, and so on. Co-ordinators of rehabilitation have been appointed in most provinces. Special provision has been made under the Vocational Training Co-ordination Act for

training programs for the handicapped. In respect of the health aspects of rehabilitation, a new grant for medical rehabilitation was introduced last year as part of the national health program. This grant, supplementing the crippled children's grant of $500,000 which has been made available since 1948, provided an additional $500,000 in 1953-54 for medical rehabilitation projects to be undertaken by provincial health authorities. For 1954-55, the grant is increased to $1 million annually, available on a *pro rata* basis to all the provinces.

I should like to give one example of what this rehabilitation means. We entered into an arrangement four years ago with certain provinces. We are now prepared to enter into an arrangement with all the provinces for rehabilitation of persons in receipt of blind pensions. Out of 120 cases of individuals who had been receiving for some period of time blindness allowances or blind pensions under the old act, we were able under this program of rehabilitation, with surgical and medical assistance, to achieve a substantial restoration of vision for 86 of those individuals. That is an indication of what this kind of program is intended to do. I may say frankly that I have felt, during the last four or five years, that I have not properly brought home to the members of this house the significance of this work. There have been criticisms, I do not say in this house but in the press, about some of the expenditures we are incurring. If it were only possible to indicate the positive results, I am sure that much of this criticism about expenditures in the field of health and welfare would be arrested, or at least there would be occasion to discipline some of the references that have from time to time been made about the Department of National Health and Welfare.

It will be seen that the groundwork has been carefully laid, during these past few years, for the establishment of those all-important preventive, treatment and restorative services which constitute the indispensable cornerstone upon which any responsible system of disability allowances must be based. Until the foundations of this complex, many-sided rehabilitation program had been laid, no program of pensions or allowances could safely be undertaken. On the solid basis provided by these rehabilitation measures, the legislation now before the house is designed to provide a measure of needed economic security to thousands of our fellow Canadians whose hopes of restoration to useful productive lives cannot be realized through these rehabilitation measures, however skilful and successful they may prove to be.

So, Mr. Speaker, in moving the second reading of this measure, I would emphasize again that this present legislation is based, not on my authorship but on the example of others. I must say the real idea belongs to the Prime Minister (Mr. St. Laurent). He made this offer, as I suggested the other night, within a week of the holding of the last election. I mention that to indicate that I hope no one will say this represents an attempt to justify political promises made, because there were none made. This represents a sincere attempt, in co-operation with the provinces, to supply another important development in what we hope is a responsible system of social security in this country. I have the great honour, without hesitation, of recommending this measure to this house.

Mr. W. G. Blair (Lanark): I am sure, Mr. Speaker, the house will approve of the measure brought forward to deal with disabled people. This is something for which we have waited a long time. I can recall that at different times private members' resolutions were introduced advocating this type of legislation when every person in the house thought something should be done about the people who were permanently disabled. I recall speaking on this subject the last time a private member's resolution concerning it was before the house, and describing the lack of something to deal with the totally disabled as a gap in our system of social legislation.

I am glad that this bill has been introduced because from time to time over the past year I have been receiving letters from parents, possibly those who were getting along in years and who had some disabled children, wondering what would happen to those children if the parents were to leave this world or to grow too old to care for the children. I pay tribute at this time to the work that has been done by the service clubs throughout Canada in the matter of totally disabled or crippled children. I am well acquainted with that work because there is a camp supported by service clubs in this area at Merrywood on the Rideau. From time to time in the summer I visit that camp. I see the work that is being done, and it is a wonderful institution.

I know also of the work that is being done by service clubs going into areas and bringing out people who have been disabled, especially children, in order that something may be done through medical or surgical science to overcome their disabilities. On the whole I wish to pay tribute to those people for the great work they are doing. While the minister did make some mention of this point, I would have been better pleased if the bill

presented to us today had given us some indication of the meaning of the expression "totally and permanently disabled".

I have before me the definition put out by the department of public welfare in Ontario. In this publication that department states the meaning of "totally and permanently disabled". I should like to quote from this publication because I believe it is the crux of the whole problem, and I am sorry that it has been left out of the bill and is to be dealt with later by order in council. The pamphlet puts this question:

Who is a permanently and totally disabled person?

And the answer is as follows:

One whose disability cannot be corrected within the foreseeable future and who is totally disabled in the sense that he cannot perform the ordinary activities of daily living without the assistance of another person.

This is going to be a most difficult matter to deal with in legislation of the kind before us. I realize the difficulty faced by those who administer the act in Ontario, because I know that on some occasions applications have been brought to me concerning the admission of certain persons for pension purposes.

I have no doubt that applications would be dealt with by a board, and that on the board there would be medical advisers. However, I do wish to bring to the attention of the house the fact that when a disabled person gets a doctor's certificate describing his illness, a most accurate description or pen picture of that illness is of great importance. The board cannot bring all these people before them to discuss their applications, and for that reason this matter becomes even more important.

In the discussion on the private member's resolution last year I quoted the definitions used in various states in the United States in describing those who are eligible for such pensions. I was amazed to find that I was able to quote twelve definitions of what constituted a totally and permanently disabled person. We must realize also that there are people who to all intents and purposes are totally disabled but who, due to rehabilitation or to the fact that they have received some training, are still able to carry on and do a useful job in society.

From time to time this bill will affect new classes of people, and the whole picture will change as years go by. There are at the moment people who will become eligible under this measure but who could have been rehabilitated years ago. These people have now grown too old to take new training. Due either to environment or to lack of educational facilities they have never had the opportunity to be trained in occupations in which possibly they could have carried on, had they received such training and education. So that as I say the picture is going to change as the years go by, and the younger people will receive the benefits derived from rehabilitation. For many years however we will have to deal with a class of people who, one might say, have never had the chance of rehabilitation so that they might have used the parts of their bodies which could be used, who have never received educational advantages, or who have suffered because of their environment. The Ontario bill might be accepted as a guide. I would hope that the experience they have had in these last two years the bill has been in force would prove beneficial in the administration of the measure now before us, and in the drafting of additional features.

The minister has referred to the veterans program already in effect in Canada, and has made mention of those who have received the benefits of rehabilitation and who, due to their disabilities, have become entitled to pensions. Then there are the blind, and various others under workmen's compensation acts who have received pensions and are having the benefits of rehabilitation and corrective procedures in order to make it possible for them again to take their places in the labouring world, so that they may earn their living.

There is one other feature in connection with this bill to which I would draw attention, and that is the matter of additional benefits beyond the $40 a month. While we are very proud to have this provision for $40 a month, may I say in passing that there will be cases of those who are totally disabled and who, under the description contained in the Ontario legislation, could not perform the ordinary activities of daily life without the assistance of some other person. For these there would have to be provision for some form of living assistance. It is particularly difficult for those people who are totally disabled and who require in their daily lives the help of someone else. It may be that in the future some provision will have to be made under this legislation, as has been done in connection with veterans, whereby they will receive extra grants by way of living assistance.

I take some pride in the fact that the province of Ontario has pioneered in this field. I note in this pamphlet that this question is asked:

Are there additional benefits?

It will be noted that the pamphlet takes the form of a questionnaire in order that it may be easily understood. This question of additional benefits is particularly important so far as the provinces are concerned, and the carrying out of their part of the bargain to make disability pensions useful. In reply to the question as to whether there are additional benefits, this answer appears in the pamphlet:

A disabled person eligible for an allowance is entitled to receive medical services and certain medicines without costs in accordance with an agreement between the Ontario Department of Public Welfare and the Ontario Medical Association.

To my mind that is a very important consideration, in the matter of additional grants, and I would hope that every province would follow along this line so that these people may receive medical treatment. We know that many of these disabled persons are chronic invalids requiring care and, as is pointed out in the pamphlet, they require certain medicines and additional treatment to an even greater extent than some others who are suffering from a chronic disability. The question of amount, therefore, becomes important. However, if medical care and certain medicines are granted by the province, they will be of marked assistance to these people.

I remember very well the representations placed before members of the House of Commons over quite a number of years. I believe we heard them on four or five occasions, and I recall listening to the representations made by members of that society of disabled persons. I am sure that any member who listened to what they said, and pictured their condition, these disabled persons who came here in wheelchairs and otherwise from all parts of Canada, will approve of this bill.

This measure, one of the more recent links in the chain of social security measures, does not come any too soon; because when I interviewed those people I felt something should be done for them immediately.

So far as this bill is concerned, there is a gap between the ages of 16 when family allowances end and 18 when disabled payments begin. This may be something for study in the future to further the interests of the disabled. During this two-year period the disabled people will receive no money. I wonder whether we can further our program by training the children by way of education. At the present time the service clubs are carrying the brunt of the cost of treatment. If these little children, who are potential invalids, could have corrective measures carried out in their early years, in many cases there would be no need for the introduction of a bill of this kind. Many of these disabilities could be stopped with early corrective measures.

However, I hail this bill as a forward step. I do know that in the program put forward in the province of Ontario—and I regard Ontario as pioneers in this field—emphasis has been laid on home care. The legislation of that province, as is the case with this bill, does not pay out the money when a particular person is confined to an institution. The disabled person at home qualifies for assistance under the legislation, and that relieves the burden on his friends. The granting of such allowances permits a disabled person to pay his own way and have a certain amount of independence. It will also help out those at home who have the burden of his care.

We shall discuss this bill clause by clause when we are in committee, and we may have something further to say on it. However, I did wish to bring to the attention of the minister—he mentioned it in his speech—the difficulty of defining a totally and permanently disabled person. I do wish that that definition had been placed before the house. I am sorry that it will be determined by order in council.

Mr. Martin: It will be determined by agreement with the provinces. We have to agree together.

Mr. Blair: I know, but later on it says that the definition for purposes of this act will be determined by the governor in council.

Mr. Martin: Quite, after agreement with the provinces on the meaning of totally and permanently disabled.

Mr. Blair: I admit it is on agreement with the provinces, but there may be some difficulty in getting all the provinces to agree to the one definition. That was so in the United States where they have at least twelve different definitions, as I showed last year when the private resolution was before the house. I am sorry that it could not be debated at this time. It is the crux of the whole situation. A great many difficulties would be overcome if we could really come to a definition of that term. One must remember also that while an agreement with the provinces is important, this House of Commons is made up of people from all provinces and this bill has been placed before us.

Mr. Martin: My hon. friend is an eminent member of the medical profession, and I would not want him to think that this House of Commons cannot make suggestions. We have our ideas, but my hon. friend will

understand that the mechanics of the thing did not make it possible for us to place the definition in the bill that he asks for unless we wanted to wait until next session. But I would certainly welcome any suggestions from the house. If he does not wish to give them now, I would be only too happy to co-operate and collaborate with him privately at any time.

Mr. Blair: The bill is before the house. As I say, that is the crux of the whole matter, and little or no attempt has been made to give a definition. I would be perfectly content if we adopted some form of the Ontario clause. The province of Ontario has defined a disabled person as one who is not apt to have any chance of recovery in the foreseeable future. Perhaps we should have something like that, and it may be that many of the provinces will have a similar definition.

Mr. Martin: That is not the definition in the Ontario act. That is simply a characterization of the definition.

Mr. Blair: Totally and permanently disabled.

Mr. Martin: It would have to leave ways for defining.

Mr. Blair: We could determine what is meant by totally and permanently disabled. I know from people who have made application to me—and that is also true of the experience of the commonwealth of Australia where they estimated that 3 per cent of the population would come under the legislation and the figure was much larger than that—that difficulties will arise, because people who are disabled will find it difficult to understand why they are not eligible under this particular clause, especially when you take into consideration all the ailments that man is heir to. They also feel that they are unable to work.

In closing I wish to make one suggestion with respect to the ceiling on permissible earnings. That should be looked into very carefully, in view of the fact that totally disabled people require more attention, and sometimes special attention, than ordinary people do. The amount of permissible income that is stated in the bill will make it very difficult for some of these people to carry on. It is much more expensive for the people for whom this legislation is provided to live than many who have chronic ailments. I shall have some remarks to make when we discuss this bill clause by clause, but I felt that these matters should be drawn to the attention of the house.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we welcome this bill; we shall be happy to vote for it and to give it our support. As I proceed in my remarks, and when we get into committee of the whole on the bill, I shall point out that there are certain respects in which we feel it does not go far enough. Nevertheless, any criticism that we may make as to shortcomings or inadequacies in this bill are not to be taken as detracting in any way from the welcome that we extend to it.

I must say that I was a bit surprised—or was I?—at some of the statements the minister made in the earlier part of his remarks. We all know the minister quite well. We know his political interests, but I did think that this was one occasion when he would have been wiser had he restrained himself a bit. I have no objection to the tributes that he paid to members of the house, all of them on his side, whom he chose to name. But I do think, bearing in mind that on a number of occasions he has helped to talk out resolutions calling for pensions for the disabled, resolutions introduced by some of the very members to whom he paid tribute today, it would have been better for him to restrain himself and to admit that what the government is now doing is meeting a wish that has been expressed by many members on all sides of this house.

Mr. Lennard: For many years.

Mr. Knowles: I really thought, despite my understanding of the way in which the minister likes to introduce these political notes, that when he started to give the roll of those who had worked for this measure across the years that he was only starting, and that he would go on and name some of the others. There were others in his own party whom he might have named. Surely he might have named the hon. member for Spadina (Mr. Croll), not to mention others on that side of the house, for his interest in this matter for a long time. He might have mentioned my hon. friend who just spoke, the hon. member for Lanark (Mr. Blair), and other members of the Progressive Conservative party. He might have mentioned the hon. member for Macleod (Mr. Hansell) and the hon. member for Red Deer (Mr. Shaw) who have had something to say about this matter in the course of the years, and indeed down in the far corner among the independents the hon. member for Beauce (Mr. Poulin) and others have given support to a measure of this kind in this house session after session.

Naturally I am not going to omit from this roll of those who have played a part in this whole question the members of my own group. Reference was made to the fact that some Liberals have had resolutions on the

order paper on this question, resolutions the minister helped to talk out or asked to have withdrawn. But so has my colleague the hon. member for Vancouver-Kingsway (Mr. MacInnis) had such a resolution on the order paper in years gone by, and so has my colleague the hon. member for Dauphin (Mr. Zaplitny); indeed his resolution is on the order paper at this very session. I think too of the efforts along this line made by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), as well as by the hon. member for Cape Breton South (Mr. Gillis), the hon. member for York South (Mr. Noseworthy), and others in this group. I think also of the interest in this matter held by our former colleague Scottie Bryce who used to be the member for Selkirk.

I think too, Mr. Speaker, of people and agencies outside of this house. I think in particular of the Canadian Welfare Council, and other groups who have been urging legislation of this kind for a long time. I think we must also pay tribute to the group referred to by my hon. friend, the hon. member for Lanark, namely the Canadian Association of Incurables who, at great sacrifice, great cost, and great pain, have tried across the years to make known to the people of Canada and to the government of this country their need for assistance along these lines.

Let us admit that this measure is a response to a demand from people in all parts of this house. Further I would say that in having expressed those demands we have but reflected the will and the desire of the Canadian people. I am quite satisfied that in supporting this measure the House of Commons and the parliament of Canada is carrying out the desire, the wish, and the will of the Canadian people that we give a decent break to those among our fellow citizens who are afflicted with disabilities and incurable diseases which blight their lives and make things so difficult for them.

I do think, Mr. Speaker, though I had no intention in the first instance of talking along this line, that this question as to how the idea of this legislation got started should be put in its proper perspective.

Mr. Martin: From a politically unbiased source.

Mr. Rowe: You started it.

Mr. Knowles: Mr. Speaker, I have the answer to that, but I am going to exercise the restraint which I counselled on the minister. I will give him the answer privately later on. I have got it right here.

As I have already indicated, Mr. Speaker, this is a welcome measure, and it fills one of the gaps in our social security program. The minister himself pointed that out and referred to the fact that this is a gap which needed to be filled. But in that connection may I remind the minister and the government, and may I remind the house, that the special joint committee on old age security which met in 1950, and to which I have had occasion to refer a number of times, because I still look on it as one of the most satisfying committees I ever served on in this house, referred to this lack of pensions for disabled or incurable persons as one of the gaps in our social security program.

But may I also remind those who are interested that on page 104 of the report of that committee, where reference was made to gaps in our social security program, two gaps were named. One of them was the lack of pensions for disabled persons, and the other was the lack of a national health insurance program. I hope the moral of that reference will not be lost on the Minister of National Health and Welfare (Mr. Martin) or on the government. The government is proud that it has now taken steps to fill to some extent one of the remaining gaps in our social security program. Let them not delay in taking steps to fill the other gap pinpointed by the committee on old age security in 1950.

Now, Mr. Speaker, I feel that the hon. member for Lanark has done well to point out that the crux of this whole bill lies in the definition of permanent and total disability. I appreciate the minister's interjection to the effect that this is something that will have to be worked out with the provinces, but I am inclined to agree with the hon. member for Lanark that we should have a better understanding in the bill itself as to what the government has in mind. We have had enough experience around here with matters which are decided by regulation and order in council, after legislation has been passed by both houses of parliament and received royal assent, to know whereof we speak.

I have before me a copy of the very excellent brief on this matter which was presented to the federal government on January 15, 1954, by the Canadian Welfare Council. I am sure the minister is fully familiar with this brief and he will be aware that this whole question of the definition of permanent and total disability is a matter of major concern in the brief of the Canadian Welfare Council. That council points out that in the main there are three groups of disabled persons. First there is that group which is referred to as the hard core of disabled persons, persons who are completely and totally disabled and for whom there is no

hope of any cure whatsoever. For those persons there should not be any question about the allowance that should be available to them, and it should be on as generous a basis as possible.

Then there is the second group who are defined by the Canadian Welfare Council as consisting of people who suffer a disability or a handicap of some sort but who nevertheless are able to work and make their own living to a certain extent. However, they are people who do suffer because of their disability and there is a case in many instances for some assistance to them to compensate for the disability from which they suffer.

Then, says the Canadian Welfare Council, there is a third group which lies in between the other two extremes of disabled persons. This group consists of people who are not totally and permanently disabled but who are disabled to the point that they cannot earn their living, and the fear felt by the Canadian Welfare Council is that these people may lose out completely. They are not capable of obtaining and holding employment to meet their needs. If, on the other hand, they are not totally and permanently disabled how can they qualify for allowances as defined in this legislation? The Canadian Welfare Council holds the fear that unless this matter of the definition of total and permanent disability is cleared up this legislation may induce people to deteriorate rather than encourage them to do everything they can to become rehabilitated. The Canadian Welfare Council puts the case very well, I think, when it states in its brief:

> Under such a three-fold plan the need to prove that one was incapable of rehabilitation would be greatly lessened. Maintenance would be provided when needed, by the method appropriate to the degree of handicap produced by the disability.
>
> To sum up: While recognizing the need for disability allowances for totally and permanently disabled persons, we are strongly of the view that such allowances must be thought of in terms of their effect upon those who are not eligible as well as upon those who are eligible for benefit from them.

If I interpret that sentence aright, I think what the Canadian Welfare Council is afraid of is that the kind of definition we now have will make some people who are in that in-between group feel that the only way in which they can get this allowance is by letting their physical condition deteriorate and their morale go down until they are totally and permanently disabled. When I express this concern I am expressing not only my own reaction and my own concern about this matter but I am quoting from the excellent brief prepared, as I say, by the Canadian Welfare Council. Let me go on and read the rest of that paragraph from which I was quoting just now. It concludes as follows:

> When this is done the need for a broader program becomes at once clearly apparent. Only if disability allowances are made part of a comprehensive plan which provides for the economic needs of all disabled persons can the dangers we have indicated and which are inherent in the single approach be overcome or avoided.

As we proceed with the discussion of this legislation, we on this side of the house will continue to press our contention that we should have a clearer understanding as to what the definition is that people must meet in order to qualify for this allowance. What we are asking for is that it be liberalized. Perhaps I might say, in the language of the Canadian Welfare Council, that we are asking that it be made more intelligent and more appropriate to the needs of these people.

I now move on to say something which the minister knows I will say.

Mr. Martin: I always know what the hon. gentleman will say.

Mr. Knowles: I thank the minister for that compliment. I am glad to know that he has been listening to me across the years and that, as time moves on, some of the ideas that are put forward from parties on this side of the house and from outside the house do get into his head.

I suggest strongly and earnestly that the amount of this allowance should be greater than the figure of $40 a month which is proposed in this bill. I suggest that it should be not less than the same figure that I suggested yesterday in another connection, namely that the amount should be not less than $60 a month. I thought of this in particular—although it was my intention on behalf of this group to propose it—when the minister was uttering those extremely flowery and sympathetic words, in the opening part of his remarks, with regard to our concern for disabled people. I suggest that to express that sympathy and that concern with an amount of only $40 a month in this day and age is not good enough. To suggest that we cannot afford the higher amount which we propose is just an alibi. I need not go into that matter. After all, I did so yesterday with respect to my contention that old age and blind pensions should be not less than $60 a month. If we insist that we are an intelligent, modern, Christian civilization we cannot afford not to do a great deal better than to give only $40 a month to the people in our society whom we recognize as deserving pensions of this kind. I argue strongly, and I do so on behalf of this group, that the amount of this allowance should be not less than $60 a month.

I suppose that one of the arguments the minister may want to throw back in response to that suggestion—he says he knows my speech; I may say that I know his answers too—is that there has been an arrangement with the provinces. I am sure that every night when the minister goes to bed he must say "God bless the provinces"; they save him from all sorts of trouble.

Mr. Martin: I sometimes dream about the hon. gentleman and then I have a nightmare.

An hon. Member: We have the D.T.'s when we dream of you.

Mr. Martin: I had to get that comment out.

Mr. Knowles: My friend the hon. member for Lanark suggests that when he and I think of those on the opposite side at night we find ourselves counting sheep. At any rate, Mr. Speaker, if the Minister of National Health and Welfare thinks it is an answer to say that the provinces feel that $40 is an appropriate figure, may I point out to him that if they have expressed that view, it is because $20 a month or half of that figure is as much as they feel they can afford in view of their provincial resources.

Our view is that this matter should not be on a 50-50 basis, as is old age assistance, but rather that it should be on a 75-25 basis, 75 federal and 25 provincial, as is the case with the blindness allowance. Surely there is far more relationship between a disability pension and the blindness allowance than there is between a disability pension and old age assistance. If the house will accept our view that it should be on a 75-25 basis rather than on a 50-50 basis it will be seen right away that a $60 pension which I am now suggesting would not be objected to by the provinces because that would require them to pay only $15 out of the $60, leaving $45 to be paid by the federal government.

The minister may ask if I have worked out what that will cost. I may say that I have done so. I have the figures under my hand and when we get into committee, if he is interested, I can go into the matter and again I can relate it, as I did yesterday, to our gross national production and to what is an appropriate portion of our wealth to spend in this way.

I move on, Mr. Speaker, to suggest that after all the fight that we put up to get rid of the means test in respect of old age pensions at 70 years of age and over and after all the appropriate castigating we have done of the means test in relation to items like the war veterans allowance, we are disappointed to find that here the old so-and-so, the means test, turns up again. The government says: We are very sympathetic; we are very sorry that there are people in our midst who are disabled, who have incurable diseases they will not get over as long as they live, but our sympathy does not restrain us from imposing the means test on the allowances that we are prepared to give them.

We think there should be no means test on these allowances. If we cannot yet win that point—we will win it some day—I have another suggestion to offer. When I say that we will win it some day, I mean it. I can remember year after year standing up in this house and pleading for the removal of the means test from the old age pension and having some people in this house and outside of it say: You know, Stanley, that you are just talking; you are never going to get rid of it. However, we got rid of it. Some day we will get rid of the means test from the war veterans allowance and we will get rid of it from this allowance as well.

In the meantime I suggest that to apply the ceiling levels that are set out in the Old Age Assistance Act is a procedure that is altogether too restrictive. I know that in the case of a married couple where there is blindness on the part of one spouse or the other or in the case of a single person who is blind, the relationship is to the figures set out in the Blind Persons Act. But where blindness does not come into the picture, it is the old age assistance levels of permissible income which have been imported into this act. If the government is not prepared to go all the way at this time, I say that at least they should set a higher figure. I believe that one of the provinces suggested that the ceiling of permissible income might be something of the order of $1,000 single and $1,500 married.

Mr. Martin: Can the hon. member give me the name of that province?

Mr. Knowles: Saskatchewan.

Mr. Martin: Oh. We will deal with that.

Mr. Knowles: I also like the figures suggested by the Canadian Legion with respect to war veterans allowances. They suggest that if the means test cannot be done away with, the level of permissible income might be $1,200 single and $2,000 married. In other words, Mr. Speaker, I make the suggestion of an alternative to removal of the means test in terms which I hope even this government might be prepared to consider.

I agree with the hon. member for Lanark that something should be done about that age gap which is now left between the point at which family allowances are discontinued and that at which it will be possible to receive

the allowances under this legislation now before us. That seems to me to be the "most unkindest cut of all".

Here is a government that boasts of its social security program. It has family allowances from the time of birth until the age of 16. It has old age assistance from age 65 to 69, under a means test, which we deplore. It has old age security for everyone 70 years of age and over. It is now providing for disability allowances from age 18 up to the point where one could qualify for old age assistance, but in the case of the person who may be disabled the whole of his life, the child born with an incurable condition, the government has left that little gap between the ages of 16 and 18. If there is an explanation for that I will be surprised.

Mr. Martin: Could my hon. friend tell me what Saskatchewan's view was on that very point?

Mr. Knowles: Saskatchewan and the other provinces had to deal with this matter on the basis proposed by the federal government of a 50-50 split. Saskatchewan had to consider, as did all the other provinces, all these various items in terms of what it would cost them in relation to their provincial revenues. I suggest that Saskatchewan and the other provinces would be quite glad to go further with regard to these various regulations if the government would accept the proposition we lay down, namely, that it should be on a 75-25 split rather than on a 50-50 split. The minister may offer that prayer of thanks for the provinces but he cannot blame everything on them while some of us are here to watch him.

One other criticism I offer with respect to the legislation has to do with the residence clause which requires residence in Canada for not less than ten years. On its face that may seem to be a reasonable requirement, but I ask the minister to face the fact that there will be people entering this country as immigrants who on arrival are in perfectly good health—they have to be because they have to pass the medical examination imposed by the government—and in some instances some of these people will contract incurable diseases after arrival, perchance some of the diseases the minister referred to in his remarks today, or perchance they may suffer some accident which makes them invalids for the rest of their lives before they have been here ten years. We have got to do something for them. Failure to make provision for them in legislation of this kind simply means that the burden is thrown on the provinces or on the municipalities.

The various suggestions that I have made spell out my earlier statement that this measure does not go far enough. I hope that even yet we may get improvement with respect to some of these points, particularly with regard to the amount of the allowance, the means test level, the age gap between 16 and 18 and the definition of total permanent disability. Nevertheless, as I have already said, despite my feeling that there are these shortcomings and inadequacies, we are glad to see parliament at last being given a chance to take the step to fill this gap that parliament has wanted to take for a long time. We have had private members' motions introduced frequently and, as I say, the minister played his part in helping to talk them out. But at last the house is getting a measure it has long been ready to support.

Parliament welcomes the opportunity to put legislation of this kind on the statute books. It begins to fill one of the gaps to which the old age security committee referred in 1950. I hope it will not be long until we have the opportunity to fill the other gap, that of national health insurance, so that we might move on to the achievement of an adequate over-all social security program for the people of this country the like of which we have the wealth to afford, the like of which our people, because they produce that wealth, fully deserve.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, having participated in innumerable debates when pressure was put on the government to introduce legislation providing payments for disabled persons, it is indeed refreshing to be able to stand up at this time and offer our support for the principle of the bill now before us. By offering support for the principle of the bill we do not mean of course that we agree with all the details contained therein. I had rather hoped that no sour note would be injected into the debate, but on the other hand I believe that the hon. member for Winnipeg North Centre (Mr. Knowles) was quite justified in complaining, shall I say, about the fact that the minister had obviously overlooked—

Mr. Knowles: I did not complain; I just remarked on it.

Mr. Shaw: —the part played by members in all quarters of the house with respect to the matter. Of course I realize fully that the minister was proud of having the opportunity to introduce this legislation. I also realize that as he basked in the brilliant sunshine of self-satisfaction he probably forgot the part played by members other than those who belong to his party.

Mr. Martin: Will my hon. friend permit me to point out that when the hon. member for Winnipeg North Centre was speaking what I said was that I do not take the whole credit for this bill myself. I gave credit to the men in whose names the resolution stood. I paid my tribute to the provinces of Alberta and Ontario. I paid my tribute to the work of members of the house. I think on reflection my hon. friend will find that he is not doing the mover of the resolution the justice which, in the context, I think he deserves.

Mr. Shaw: The minister of course did name three or four members of the house, but I certainly think it would have been very much better to thank the whole membership of the house for the part which that membership played in the advancement of the idea of disability pensions. I do not criticize the minister for finding in this legislation a substantial measure of what I call self-satisfaction. I think the minister displays that whenever he introduces legislation adding to the general welfare program of his government, and I do not offer that comment critically at all. Maybe he is justified.

I think the minister might also have laid a bit of emphasis on the fact that with respect to most of the grants, if not all, that are made to the provinces for such things as hospital construction the provinces must bear a very heavy financial burden in matching so many of these grants dollar for dollar and in providing the personnel in so many instances.

Mr. Martin: The rehabilitation grant is a non-matching grant.

Mr. Shaw: Of course the minister did not stop at the rehabilitation grant. He went over the entire field and the general impression he conveyed was that the federal government, of which he is a member, must be given a substantial part of the credit for the accomplishments. I think it makes for better feeling and a more substantial degree of co-operation if the very important parts played by all governments at all levels are at all times mentioned.

Mr. Martin: Hear, hear.

Mr. Shaw: During most of the years I have been in the House of Commons I have urged the government to give favourable consideration to the question of payments to our disabled Canadians. While I felt at times that maybe our efforts were a bit futile, I never lost hope. I am a confirmed optimist, but since the spring of 1950 my hopes have been much higher than at any previous time. I had the opportunity of serving as a member of the old age security committee. I realize how frequently the various delegations that appeared before the committee made reference to this matter even though it was not actually included in our terms of reference.

I realize, too, and I believe I pointed this out last year in the course of my remarks on a private member's resolution relating to disabled persons, that our committee saw fit to refer to this matter, even though I repeat it could not under those terms of reference actually make recommendations with respect to the matter.

The hon. member for Winnipeg North Centre referred to page 103 of the evidence of the old age security committee, dated June 28, 1950. I note also that on page 103, under other claims to priority, it states:

> Finally, in its study of the old age security systems in effect in other countries, and in its consideration of the evidence presented by representative Canadian organizations and individuals, the committee has had to keep constantly in mind the place of old age in an over-all security program. While the terms of reference of the committee have limited its study to the specific field of old age security, it has not felt it advisable to overlook the fact that there are other areas of social need in which governments, both provincial and federal, may be called upon to take in the future a substantial measure of responsibility.

Then again on page 101 there is a brief reference to this matter under the heading of "premature ageing and invalidity." This makes specific reference, of course, to disabled persons, and I quote:

> The reverse of the problem of retaining older workers in the labour market is that presented by the prematurely aged and invalids who are obliged to retire from employment before their normal time. The committee has been deeply impressed by the evidence presented as to the position in which invalids and incurables find themselves at present. It has also received representations from organizations representing the blind, and blindness is, of course, part of the total problem of invalidity. The committee has felt, however, that the terms of reference established for it ruled out the possibility of a detailed examination of this problem as it applies to the younger age group.

I am going to make a reference to something, Mr. Speaker, that I have not mentioned during the past four years. A moment ago I stated that because of representations made to our old age security committee, and because of the feelings of the members of that committee with respect to this question of invalidity, my hopes were buoyed up. There was another reason for it. I hope the minister will not mind my mentioning this, and he will understand why I have never mentioned it during the last four years. He may recall that while our committee was sitting he crossed the floor one day and sat with me. We were discussing the work of the committee and the possible recommendations of

the committee. He said something to this effect: We must not at any time forget that very important class of people, the invalids or those who are permanently disabled. He said something must be done for them. Now, these might not be the exact words, and I have never mentioned that until this day because I would consider it unfair to have done so during the discussion of any private member's resolution or anything I might have sponsored myself. However now the legislation is before us I think it is fair to mention it. I wish to compliment the minister upon having now reached that stage where the feelings which he indicated he held in the spring of 1950 have become a matter of direct action through the introduction of the bill before us.

I cannot, of course, overlook the emphasis the minister laid upon this question of rehabilitation services. I well recall that the Canadian Association of Incurables constantly repeated the following views: First, pensions or payments are definitely required because so many of our disabled persons are so handicapped they cannot earn even a single dollar. There is another thought that comes to me just at this point. I remember, too, they said so many people will not hire individuals who are physically handicapped simply because the public very often will not accept these people.

I recall one case and I believe this man was one of the delegates. He held a job as an elevator operator in a building. He said he had to sit in the wheel chair while operating the elevator, but he could do it quite satisfactorily from the mechanical point of view. One person who was in the habit of using that elevator actually served notice that unless they secured another elevator operator he was not going into that building. I am certainly underlining the fact that that is not the general feeling among Canadian people. I believe there is a responsibility upon the Canadian people today to do everything within their power to assist these persons to rehabilitate themselves. I feel there is a great field there where the government might quite properly function.

I know, too, the service clubs and other organizations have been doing a great deal in this particular field. I am extremely happy to know that while payments are to be made to the permanently disabled, this question of rehabilitation is being given the utmost consideration.

This reference to the definition of disabled persons is one which rather intrigues me. I presume that when the conference was held a reference was made to the definition of disabled persons in the Alberta act. I am not saying it is a good one, but I do want to point out a problem with which I know they were confronted in this connection. According to the bill which was assented to on March 31, 1953 in the Alberta legislature, a disabled person was defined as a person who is suffering from a chronic disability and is physically unfit for gainful employment. Then, the two words "chronic disability" are defined. They mean a disability from which a person has suffered for a period of twelve months or longer.

While I realize that this matter of the definition is not in the bill before us but will be a matter of regulation, I still suggest to the minister that if any degree of agreement has been reached thus far, and I think probably it must have been discussed with the representatives of the provinces, he might give us some information on this point. Here is a problem with which Alberta was confronted in connection with the definition. A person may be partially a mental case and partially physically disabled. The mental condition is not so serious as to warrant the placing of the individual in an institution or mental hospital. I recall one case specifically. The person in question was a female, about 30 years of age. When she was less than a year old she suffered paralysis. I guess it was the old infantile paralysis to which we used to refer. It affected her mind. It is true that today under very close and careful supervision she might be able physically to do a certain amount of work, yet there is this mental condition. I presume her mental age would be around 9 or 10.

Under the Alberta act as we knew it prior to this year, that person would almost invariably be characterized as suffering from a mental disability and therefore prohibited from security benefits under the disabled persons act. The situation became so common that finally in the last session of the provincial house the act was amended so that those mentally unfit for gainful employment, provided they were not confined to a mental hospital, could qualify under the provisions of the act. I would like to ask the minister if he would comment on that aspect of the bill that is before us.

The Acting Speaker (Mr. Applewhaite): I am sorry to interrupt the hon. member who has the floor, but it is five o'clock and the house will now proceed with the consideration of private and public bills. I would remind the house that the 50 bills Nos. 380 to 388; 395 to 417; 423 to 440 were referred to the committee in one motion. Is it agreed to do that now?

Some hon. Members: Agreed.

PRIVATE BILLS

DIVORCE BILLS

The house resumed, from Friday, May 28, consideration in committee of Bills Nos. 380 to 388 inclusive; 395 to 417 inclusive; and 423 to 440 inclusive—Mr. Hunter—Mr. Applewhaite in the chair.

Mr. Knowles: I take it we will again consider clause 1 of these fifty bills?

The Deputy Chairman: If the committee unanimously agrees that we proceed on clause 1 of the fifty bills.

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE

Bill No. 380, for the relief of Rita Boucher Dufort.—Mr. Hunter.

Bill No. 381, for the relief of Lucy Halga Saunders Gibson.—Mr. Hunter.

Bill No. 382, for the relief of Antonie Lutz Jedrzejewski.—Mr. Hunter.

Bill No. 383, for the relief of Jessie Clarke Thompson.—Mr. Hunter.

Bill No. 384, for the relief of Dorothy Coughtry Paquette.—Mr. Hunter.

Bill No. 385, for the relief of Isabel Ruth Smith Newey.—Mr. Hunter.

Bill No. 386, for the relief of Eugene Clifford Carbonneau.—Mr. Hunter.

Bill No. 387, for the relief of Jean Antoine Francois Armand.—Mr. Hunter.

Bill No. 388, for the relief of Maria Clara Anita Cauchon Quirion.—Mr. Hunter.

Bill No. 395, for the relief of Elsie Elizabeth Belford Grant.—Mr. Hunter.

Bill No. 396, for the relief of Jean Monette. —Mr. Hunter.

Bill No. 397, for the relief of Pearl Mary Brown Pratt.—Mr. Hunter.

Bill No. 398, for the relief of Annie Holman James.—Mr. Hunter.

Bill No. 399, for the relief of Marie Paule Lemay Mondello.—Mr. Hunter.

Bill No. 400, for the relief of Marilyn Lesley Simpson Lavallee.—Mr. Hunter.

Bill No. 401, for the relief of Edith Lorraine McBurney Robinson.—Mr. Hunter.

Bill No. 402, for the relief of Aline Gosselin du Berger.—Mr. Hunter.

Bill No. 403, for the relief of Eileen Lucy Tollett Power-Williams.—Mr. Hunter.

Bill No. 404, for the relief of William Pappas.—Mr. Hunter.

Bill No. 405, for the relief of Claire Labelle Cousineau.—Mr. Hunter.

Private Bills—Divorce

Bill No. 406, for the relief of Denise Marie Helene Laporte Woodhouse.—Mr. Hunter.

Bill No. 407, for the relief of Lois Helena Kearns Higham.—Mr. Hunter.

Bill No. 408, for the relief of Dorothy Rita Wade Moulden.—Mr. Hunter.

Bill No. 409, for the relief of Albert Thornton.—Mr. Hunter.

Bill No. 410, for the relief of Koidula Laigma Hagel.—Mr. Hunter.

Bill No. 411, for the relief of Yvette Lafontaine Tatos.—Mr. Hunter.

Bill No. 412, for the relief of Freda Becker Blumenthal.—Mr. Hunter.

Bill No. 413, for the relief of Monica Elizabeth Benoit Mullin.—Mr. Hunter.

Bill No. 414, for the relief of Felix Andre Landry.—Mr. Hunter.

Bill No. 415, for the relief of Marie-Claire Parisien Barbeau.—Mr. Hunter.

Bill No. 416, for the relief of Marie Muriel Gladys Lena Soubre Dubour.—Mr. Hunter.

Bill No. 417, for the relief of Joan Millicent Kemp Tessier.—Mr. Hunter.

Bill No. 423, for the relief of Mary Joy Thomson Asselin.—Mr. Hunter.

Bill No. 424, for the relief of Ronald Arthur Leslie.—Mr. Hunter.

Bill No. 425, for the relief of Lucienne Saint-Laurent Calve.—Mr. Hunter.

Bill No. 426, for the relief of Roberta Barbara Shvemar Feigelman.—Mr. Hunter.

Bill No. 427, for the relief of Pearl Marie Neil Lane.—Mr. Hunter.

Bill No. 428, for the relief of Marjorie May Price Amory.—Mr. Hunter.

Bill No. 429, for the relief of Marie Jeannette Laure Lafreniere Lucas.—Mr. Hunter.

Bill No. 430, for the relief of Frances Goldberg Glegg.—Mr. Hunter.

Bill No. 431, for the relief of Thelma Nellie McKeage Patrick.—Mr. Hunter.

Bill No. 432, for the relief of Madeleine Roy Julien.—Mr. Hunter.

Bill No. 433, for the relief of Louis Tothe —Mr. Hunter.

Bill No. 434, for the relief of Joseph Delphis Guillaume Delorme.—Mr. Hunter.

Bill No. 435, for the relief of Nicolas Joseph Ladislas Barath.—Mr. Hunter.

Bill No. 436, for the relief of Ferencz Gyula Babinszki.—Mr. Hunter.

Bill No. 437, for the relief of Beatrice Alexandra Duff Sheppard.—Mr. Hunter.

Bill No. 438, for the relief of Remi Charbonneau.—Mr. Hunter.

Private Bills—Divorce

Bill No. 439, for the relief of Kathleen Florence Pippy Hayward.—Mr. Hunter.

Bill No. 440, for the relief of Fred Skiffington.—Mr. Hunter.

On clause 1—*Marriage dissolved.*

Mr. Knight: Mr. Chairman, in considering these fifty bills there is no hope, of course, that we can give them consideration, because that is not the method of this House of Commons. However I should like for a moment to refer to a statement by the hon. member for Victoria, British Columbia, as it is reported at page 5211 of *Hansard* for May 28. I am glad the hon. member is in his seat. While I do not intend to be critical of him, I do wish to point out that what he said gave the wrong impression. I am sure the impression he left was unintentional, when he described the attitude of certain of us in the miscellaneous private bills committee, which considered these bills before they were brought to the house. I find at the page indicated that the hon. member is reported to have said:

> Every member received copies of the evidence in each of these cases, and if any particular hon. member did not read that evidence then it is his own fault.

I agree with him so far. Then he continued:

> The fact is that every one of these bills came before us en bloc and they received unanimous consent of the miscellaneous private bills committee.

Technically, sir, the hon. member may be correct. Although some of us did not vote on these bills at all, I suppose it could be said that by our silence we had given consent since none of us raised his voice against them. But I submit that does not give a true picture of what we had in our minds and hearts in regard to these bills, and particularly the manner in which they are considered in that committee.

Time and again I have raised my voice in the committee on miscellaneous private bills. I see the hon. member for Parkdale in his seat, to whom I pay tribute as a conscientious and courteous chairman. I know he would back up my statement that on almost every occasion the committee met I raised my voice against the procedure followed. I see him smile, and it would seem that he has some recollection of that. I am sure he will also confirm my statement that while I did not say anything at the last meeting of the committee on miscellaneous private bills, I did make my usual protest at the committee which met the week before.

We are now faced with these fifty bills. The hon. member for Victoria, British Columbia, is of course a new member, and is new on that committee. It can be said that perhaps he does not know our attitude toward the method adopted in considering these bills, particularly the procedure of considering them en bloc, which is exactly the same the committee of the whole house is doing here today. He will understand our criticism of the fact that full consideration is not given to each bill. So much for the hon. member for Victoria, British Columbia.

Let us now turn to the bills themselves. There were definite reasons for the fact that we were silent in the standing committee. First of all, it is true that the committee passed these bills. Well, what else could it do with them? I remember very well that when the Prime Minister spoke on this subject he said there was a small minority in Quebec and Newfoundland who needed relief from their marital troubles and that this was the procedure under which they obtained it.

I submit to you, sir, that these fifty people had paid their money—and the evidence has shown in the last few days that it is a considerable amount of money—and had paid it in good faith. They had submitted their evidence, either true or perjured as the case may be—and I am sure there were some of both—and they were there, generally, to obtain their divorces. Under those circumstances what else could the standing committee do, when it was set up for that particular job? What else can a member who does not believe in the whole procedure do, except protest against that procedure, as I have done on many occasions?

Those of us who object to it could, of course, have held up the procedure of the committee indefinitely, but I suggest to the hon. member for Victoria that he would not want that. We could make a nuisance of ourselves, if necessary, and as we have proved on occasions. We could keep that up indefinitely. But we had a job to do that day, and we did it. I would serve the hon. member notice that if our attitude in that regard is to be misrepresented in the house, then if necessary the struggle in the committee on miscellaneous private bills can be kept up.

I notice that the hon. member for Victoria, British Columbia, agrees with me in the matter of procedure. As reported at page 5211 he said:

> I found out, as did every other hon. member, that I did not like the procedure, and I did not like the evidence I have had to read. I think there is collusion in it.

I know on Friday evening he modified that statement to some extent; but his statement is there on the record. When he was challenged for having said that there is collusion, and at

the same time voting for these bills, he modified the statement, and those modifications may be found at page 5212 of *Hansard*. I submit however that the record stands, and I have quoted from it exactly as it was recorded in the debates. The hon. member is reported to have said:

> I did not like the evidence I have had to read. I think there is collusion in it.

Another reason we did not protest as strongly or, shall I say, as often as usual on this particular occasion is that we were informed, and I believe reliably so, that the whole matter of divorce procedure is to be looked over and considered by the procedural committee, a committee from which we have not yet had a report, but of which we still have some hopes. That did not prevent my making vigorous protests on previous occasions the committee met; but it does explain to a degree why we did not press our opposition at every meeting of the committee. As I have said, if our intentions in that regard are misunderstood, then we can make them very clear by protesting every time a bill comes up. I think, myself, that perhaps that would be an exaggerated conclusion to seek; but we do not want any question to be left as to where we stand.

Another reason for our silence in that particular committee was that the committee before which these fifty bills were placed passed them in the course of, roughly, a couple of minutes. I have often timed it with my wrist watch, although I did not on this occasion. One reason we did not block any of the bills, or did not bother particularly with that committee, was that none of these bills had been contested, whereas there were two others to come up which had been. There were four lawyers in the room, two on each case, and sitting outside were the witnesses in both cases who were waiting in case it might be decided to call them. They were sitting there waiting in case it might be the decision of the committee to have them called. Naturally, we were expecting that we would have to spend a considerable time on these two cases which were contested, and that proved to be the fact, because we had two meetings of the committee on that day, and it took most of our spare time on that day to go over these two cases. We wanted to give those cases which were contested a very close scrutiny. In those cases there was the probability of an injustice being done on one side, and if there was we wanted to know about it.

In the meantime these two particular cases have become history, as it were, and since they are not before us I cannot make definite references to them today, although I am still in doubt as to who was responsible for that one particular case being withdrawn. It is true that at that time we made a recommendation that, since the lawyer for the petitioner had withdrawn the case, it be sent back to the other place with the suggestion that they could now take whatever action they considered necessary. I do not know what the constitutional problem is in that case. It is the first case of that kind of which I have had any experience. My own idea was that the case was in the hands of this house, and whether or not a lawyer can simply get up and wash his hands of the whole thing because it has been a hoax, and simply withdraw it out of the committee and that is the end of it, I am not sure.

Mr. Hunter: Perhaps I can clear it up for my hon. friend. That bill will be reported with the preamble not carried, and the reasons will be stated. It means that the bill simply will not be carried by this house and therefore an act will not be passed. As to the other reference to the Senate, on the instructions of the committee I simply reported to the chairman of the Senate committee the possibility of perjury, and drew it to his attention. I have had a reply acknowledging that letter.

Mr. Knight: I thank the hon. member for giving that explanation to the house. He is much better qualified to do that than I am, but at any rate I shall mention those cases no more and return to these particular bills. Both cases were thrown out, of course, as is now well known.

In regard to these particular cases that are in front of us and in regard to other cases like these that may be protested in the future, I should like to serve notice that in such cases they will be seriously considered in the committee, if I remain a member of that committee and can urge that same opinion upon my colleagues. I think it is a good thing that the counsel for these people and the people themselves will know that where there is a protested case and where there is a chance of an injustice having been committed they will also have recourse to the miscellaneous private bills committee, with the assurance that their protests and their appeal, because that is actually what it is, will have serious consideration and a thorough examination in that committee.

I was glad to hear the words of the hon. member for Victoria, British Columbia that I have quoted. I was glad to see that he was disturbed at the procedure and the way in which we were handling these fifty bills. I am glad to see some disturbance in the minds of some other members also. I may say that in that there is a sign of progress. In that particular disturbance there is some

hope. I may say also that it was not ever thus. Some years ago, in my introduction to this committee the usual procedure was simply to push these bills through the committee en bloc, en masse, forty or fifty of them at a time. Woe betide the committee member who would dare to raise his voice in opposition. I am glad that that situation has to some extent changed. I believe it does show some change of opinion. The cry in those days was, of course, well these bills have been passed by the Senate committee, composed of men with legal and mature minds; they have heard the evidence; they cannot be wrong. Like Brutus, they are honourable men, and so our job in this committee is to simply rubber stamp their decision. Well, sir, the situation has changed and the infallibility of the Senate committee on divorce has been proved a squib which exploded with a loud bang on a recent historic occasion, because I think that occasion was historic.

These fifty bills are an embarrassment to this committee. You can feel it and hear it behind the curtains from any member to whom you wish to speak. The bills are an embarrassment to this committee and to the members of the miscellaneous private bills committee, and I believe they are an embarrassment to this government. Still, I am not going to oppose them. These fifty bills are not contested. Let us pass them and get on to the legislation which is the reason for our presence here. I know I was not elected to listen to the evidence in divorce cases. I am not competent to judge the evidence or to assail it. I want to get on with the work for which I was sent here, and I do not want to spend the rest of my life untangling divorce cases. Let us get on with it now. Let us pass the bills, but let us devise for the future a method by which that embarrassment may be removed for all time from these halls.

Mr. Nicholson: I am sorry I cannot agree with my colleague in his last remarks. At least one of these cases was contested, and I have read the evidence since we met here the last time. I would like hon. members to follow with me very briefly the sort of material which may be found in some of these cases. I am not going to mention any names, and I am not going to make any references that I could not make in the best circles of society. But there are some investigators in these cases that have appeared frequently, and I cannot understand why information given by investigators of this sort can be accepted and divorces granted. There were three male investigators and one female investigator on this case. I am referring to evidence that appears in relation to Bill No. 434 which is before us. There were two investigators who swore they went to this particular home some six months ago. The evidence starts out with getting the usual story, but this was a different type of mystery. One man went to the house and he says:

> We checked every room in the house.
> Q. Did you go into the house?A. Yes, we went into the house.
> Q. How did you proceed to get into the house?—A. We proceeded to check the electricity.
> Q. You pretended you were going there to check the electricity?—A. Yes, so we checked every room and Mrs. —— was showing us every place in the house.

It seems strange that after a man admits lying for the sake of getting into a house, suddenly everything else he says after that is the truth, the whole truth and nothing but the truth. Well, this man was questioned by the lawyer for the respondent, and here are the questions and answers:

> Q. I am asking you how many bedrooms are there in that house?—A. I don't know.
> Q. How many beds are in the house?—A. Oh, I don't know.
> Q. Did you go—?A. I didn't check all the beds.
> Q. You went to check the electricity?—A. Yes.
> Q. How many switches are there in the apartment?—A. We didn't check the switches.
> Q. What were you checking exactly?—A. We checked the room.
> Q. You checked the rooms? Well, how many rooms are there, in the home, not only bedrooms, but other rooms in the house, how many rooms are there?—A. I do not remember. I checked that in my notes, the day I checked.

As I read the evidence, Mr. Chairman, it appears to me that one of the investigators did go to the house and made elaborate drawings of bedrooms and furniture. Two women who were in the house swore that there was only one man went, and two men swore that two went. In view of the evidence in the case from one of the men who apparently know so little about what he saw, it would seem to me that probably the women were telling the truth on that particular occasion.

But then there was a ladder that featured in the story. Perhaps I should take a minute to tell the committee the story of this ladder. The case really hinges on what three men saw after climbing up the ladder and looking in an upstairs window, and here is how the evidence goes:

> Q. And you mentioned that you were up first?—A. Well, it is a way of talking; I would say the first one. We were going up slowly and sometimes I was putting my foot on his and trying to take a grab of a rung and sometimes I would cross—

I will not dignify these gentlemen by placing their names in *Hansard*, but call them Mr. Z and so on.

. . . Mr. Z's hand.

Q. But you went up first?—A. I wouldn't say that; sometimes he was maybe a few inches higher than me and sometimes maybe I was higher than him.

Q. Are you telling me that you both went up together side by side?—A. Yes, it is a broad ladder.

Q. How wide is the ladder?—A. It is a big ladder. I don't like to say it is a very tall or long ladder but it is a very wide ladder.

Q. How wide?—A. Maybe two feet.

Q. And the two of you were climbing side by side?—A. Oh yes. We had done that before.

And then the acting chairman came into the discussion and he asked:

Q. I presume, witness, it is a ladder you have for the purpose?—A. Not exactly. We use it a lot many times but it is a handy ladder around. It is a hard ladder. It is a heavy duty ladder.

Q. Is it made of aluminum?—A. No, it is light wood but big wood, and the rungs are strung with some braces under. It is a big ladder and a strong ladder.

The hearing adjourned until 2 p.m.

But Mr. Chairman, that is not the end of the ladder story.

An hon. Member: I think it should be.

Mr. Pickersgill: Let us just have one rung at a time.

Mr. Nicholson: I think we should have the end of the ladder story because this is really where the funny part comes in. As I said, there was a lady, we will call her Miss L but I do not know what a lady would be doing out after midnight with this crowd. The evidence continues:

Q. Where was Miss L during the time of the investigation?—A. She was in my car.

Q. She did not leave the car that night?—A. No.

Now, I want to go into the question of the window. This is the evidence:

Q. On what side of the building was the window in question that you looked into?—A. On the north side.

Now, Mr. Chairman, here is a ladder on the north side of the house and then this lady is questioned by the defence counsel as follows:

Q. On which side?—A. On the south side.

Q. Well, we have been told by Mr. Z and the others that the bedroom in question is on the north side, what would you say as to that?—A. I don't know where the bedroom would be.

Q. So on what side was the ladder put up?—A. I can't say exactly.

Although, Mr. Chairman, the ladder was on the north side and the lady in question was on the south side she was able to see through that house in the dark of night and see three men climb up a ladder, and on the evidence of what these three men saw from that ladder a divorce was granted.

I think hon. members of this house had better start taking a look at these 400 divorces which go through each year. I think that the parliament of Canada cannot be a party to having this sort of evidence coming into the other chamber and coming on to us so that we are asked to break up homes on the type of evidence appearing in this report. As I have already said, I probably would not have spoken about the case had it not been for the fact that these particular investigators gave evidence in another case whereby a wealthy man in Montreal was relieved of the responsibility of supporting his wife and young baby, on the same sort of evidence I have quoted here. The evidence of these men was accepted in the other chamber by those who examined them and who apparently said, "These detectives give their information, it must be true". They were prepared to accept the evidence which was given as I have described it by these investigators, three of them men and one woman, and under the circumstances I have described. I would suggest that hon. members should refer this particular case back to the Senate or to our committee on miscellaneous private bills to have another look at it before the members of this chamber put their official seal on it and endorse the sort of evidence submitted in report 383.

The Deputy Chairman: Is the house ready for the question?

Mr. Goode: Mr. Chairman, before you put this to the vote I think the hon. member who spoke before me should be fair. I am informed that in this particular case the Senate committee took evidence for 7½ hours and I am quite convinced, although I do not read these cases and I do not intend to read them, that there must be further evidence besides what the hon. member related to the committee. I do not like to see the other place held up to ridicule in all cases and in this one I think the hon. member has not brought out the full evidence.

Mr. McIvor: Mr. Chairman, I have not said anything on the question of divorce for about ten years, but I have been doing a lot of listening and I must admit that I have not heard anything yet, not even from the hon. members of the C.C.F. party, about a method of curing the curse of divorce. What is the cause? That is the question, and we should be far more concerned about that than a method of handling these bills. How many cases of divorce have we taken from the courts? I think we have robbed the courts of some. I think the hon. member for Lanark would agree with me when I say that when

young couples get into difficulty through selfishness or something like that they should go to the family doctor or their spiritual adviser instead of a lawyer or the courts.

I know there are those in Canada and the United States who are finding a cure. There are groups of men in different places, lawyers, doctors, ministers, businessmen, and social workers, who have formed committees to investigate every case which looks about hopeless and they have robbed the divorce courts of many cases. I think we could spend the time of this house to far better advantage in finding a cure for divorce instead of trying to prove that the Senate has not been painstaking in its work.

Mr. Regier: Mr. Chairman, I have only a very few remarks to make. The insinuation has been made that we should not be spending our time on this matter. But I submit, Mr. Chairman, that we should, because what we do when we pass these divorce cases can have very serious consequences. We not only dissolve marriages but we also relieve a goodly number of husbands of the responsibility of supporting their wives and families. Further than that, the effect of our passage of these bills means that we are branding certain people of having been guilty of committing adultery. That, in turn, has the effect in some parts of Canada of robbing these people of the rights of citizenship in a great many respects. I feel that the evidence in a great many of these cases is entirely insufficient. I have had cases called to my attention where there has been all kinds of blackmailing going on after the case had passed the Senate committee, because it was commonly assumed that once a bill had passed the Senate commitee and had been recommended by them that that was the end of the matter, and those who had given false evidence immediately began their habit of blackmailing the people who were vitally concerned.

I have one case in mind where one of the witnesses has had to leave Canada and is now in Mexico. Unfortunately the case was not proceeded with to its final conclusion. My aim was to have this man fetched from Mexico in order to appear before our miscellaneous private bills committee. If we had been able to do as we desired, I think this House of Commons would have received a good illustration of the effect of our passing these divorce cases as if they were just so much unimportant and minor legislation.

Mr. Enfield: Before you put the question again, Mr. Chairman, there are one or two points I should like to make about this matter. I do not want to go into the merits or the moral aspects of divorce. However, as was mentioned by my friend the hon. member for Burnaby-Richmond, I would not want the impression to be left that the Senate committee who handle these divorces are not doing what I think is an excellent job. As to the case mentioned by the hon. member on the opposite side who first spoke, I happen to know, as has already been mentioned, that that divorce committee presided over by the chairman who has had some 42 years' experience in legal and judicial matters and composed of four other senators who are tried and true in this type of work, spent 7½ hours examining the witnesses whom they had there before them. I do not know whether hon. members know the old court of appeal maxim or not. The court of appeal says that a trial judge who has the witnesses before him is in a much better position than is any court of appeal to decide on the question of perjury; and the general rule is that they will, in almost all cases, take the opinion of the trial judge in that respect. Here we have exactly the same situation. We have the divorce committee that spent 7½ hours looking at the witnesses. After the case they went into a two hours' conference with regard to it—the five of them—and after careful deliberation they decided there was sufficient ground for divorce. Then the private bills committee of the House of Commons meets. We have no formal courtroom in which to meet. We have no formal method by which we call witnesses. Questions can be put by anybody at any time to any witness. We have witnesses called into the room indiscriminately. On the whole the procedure is carried on very informally. Generally speaking, I do not think hon. members read the evidence thoroughly and go through all the evidence.

Mr. Knight: May I ask my hon. friend one simple question? Was any witness in connection with any of these fifty cases with which we are dealing today called before the miscellaneous private bills committee?

Mr. Enfield: Yes; there were some witnesses called before the committee. I did not say that, with due respect to the hon. member. I did not mean to create that impression. We have called witnesses before the committee, of course.

Mr. Knight: I doubt that the hon. member understood or heard my question. I am asking this straight question. Were any witnesses called before the private bills committee in connection with any of the fifty cases with which we are dealing today?

Some hon. Members: No.

Mr. Enfield: No. Of course there were not, as there was apparently no dispute raised with regard to the fifty cases that have been mentioned. I am merely trying to point out that we should not lightly disregard the work of the Senate in this matter and hold it up to ridicule, as I think has been done by hon. members opposite in this chamber today.

An hon. Member: It is part of their program to abolish the Senate.

Mr. Enfield: I wanted to say this so that that impression would definitely not be left. I know that the divorce cases handled by the Senate are just as efficiently handled as elsewhere. Indeed I think they are better handled than they are by the crowded courts in the supreme court of Ontario. You get a better hearing by the Senate committee because there is more time involved; you get a more convenient time for your hearing and you get a hearing with more dispatch. I think we should put the facts down as they are with regard to this divorce situation. I know that it is an awkward one. I know that some members do not like having to handle this work. Perhaps we should not be doing it. However, I have yet to hear a suitable alternative offered by anyone, in my short experience in the House of Commons.

Mr. Knowles: Mr. Chairman, the hon. member for York-Scarborough is free to come to the defence of the Senate if he wishes to do so. I do not think it is correct to say that we are trying to use this matter in order to hold the Senate up to ridicule at all. However, I suggest that the hon. member for York-Scarborough is holding the House of Commons up to ridicule if he suggests that we should pass these bills without our considering them. Even if the best case in the world is made out for a proper and satisfactory job being done in the other place, that fact does not absolve us from doing our job here; and the plain fact of the matter is that we are not doing it.

Mr. Pickersgill: The hon. member made no such suggestion.

An hon. Member: He implied it.

Mr. Pickersgill: I do not think he implied it at all.

Mr. Argue: The great interpreter!

Mr. Knowles: The hon. member for York-Scarborough suggests, as do other hon. members around the place, that we should have confidence in the Senate and that we should take it on faith that they have done a satisfactory job.

Mr. Pickersgill: He did not say any such thing.

Mr. Enfield: Mr. Chairman, I rise on a question of privilege—

Mr. Knowles: As a matter of fact, some of us do not have that faith.

Mr. Enfield: I rise on a question of privilege, Mr. Chairman. I do not like to interrupt the hon. member, but I do not think I said that we should merely take the Senate decisions and trust them and do nothing about them. What I say is that we should have in the Senate committee the confidence that it justly deserves and that I did not like—

Mr. Knowles: What does the hon. member mean by that?

Mr. Croll: More confidence than you have in it, that is what he means.

Mr. Knowles: That is not very much.

An hon. Member: That does not prove a thing.

Mr. Enfield: I merely wanted to prevent there being left the impression that the Senate committee were completely incompetent, as I think other hon. members in my hon. friend's group were trying to do. That is the impression I got from their remarks.

Mr. Knowles: I am trying to figure out, from what the hon. member has said, what he means that is any different from what I said he meant. He said we should have confidence in the Senate.

Some hon. Members: Hear, hear.

Mr. Knowles: Many members around here have confidence in the Senate. I can understand that. They hope to go over there. But so far as handling these cases is concerned, I must say to him that confidence in Their Honours individually and respect for them though we may have, our confidence in their capacity to deal with divorce is shattered by what happened in respect of two cases which the hon. member for Parkdale says will be reported to the House of Commons with the preamble not proven. In view of that experience, even though they spent 7½ hours on this case having to do with Bill No. 434, I submit we are not absolved from looking into it before we pass it. I have not read it in its entirety. I have read some of the sections having to do with the ladder story that my colleague the hon. member for Mackenzie reported to the committee. Incidentally I know that there was sworn evidence given by one person in that house that certain people were around there that night but without any ladder at all. My hon. friend reminds me that three different people swore that these people were around there without a ladder. Yet these people say they were

there with a ladder, which was a 2-foot ladder, up and down which three men were going.

An hon. Member: Two by two?

Mr. Knowles: The two-by-two game; yes. I suggest that the hon. member for York-Scarborough is defeating his own purpose. If he wants to boost the Senate and to boost our confidence in it, let him not relate it to this particular case. This case has all the earmarks of a ridiculous situation. If the committee is not prepared to do something else which others might be willing to do, I suggest that the least we should do is to agree that at some stage this Bill No. 434 should be referred back to the committee on miscellaneous private bills. Perhaps in respect of this bill the same formula could be followed as that which was followed on the motion of the Minister of Citizenship and Immigration in respect of another case that was referred back some weeks ago.

I realize that the evidence in most of these fifty bills is contained in thin little pamphlets of only five, six or seven pages.

An hon. Member: Not worth while reading it.

Mr. Knowles: I am referring to the ones that are before us. Their Honours have become so used to this routine that they can make a quick decision, but in this particular one the evidence runs to sixty-eight pages and apparently it went through our committee along with the other forty-nine without any consideration being given to it. I take it that although the case was contested in the other place the chairman of the miscellaneous private bills committee of this house did not advise the committee whether the people who contested it wished to continue that procedure before our committee.

But I think we have a responsibility, particularly now that doubts have been cast on the integrity of some of these detectives who have come here as witnesses, and now that doubts have been raised in our own minds as to the capacity of the senators to get to the heart of these cases. I think that the least that should happen in respect of Bill 434 is that it should go back to our committee. The hon. member for York-Scarborough made the statement that during the time he has been here he has not heard of an alternative. That suggestion used to be made to us fairly often a few years ago, but I should like to say to him that it is only from the members of this group that an alternative has been proposed. I refer to a bill of mine, which is not on the order paper just now, suggesting that the handling of these cases should be referred to the Exchequer Court of Canada. If something is not done about this matter, it may soon be there again. If I do introduce it again I think I should give it a new subtitle. It might well be called "an act for the relief of parliament".

The Deputy Chairman: Is it the desire of the committee that Bill No. 434 be considered separately?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Knowles: It takes unanimous consent to consider all fifty together. I am prepared to give unanimous consent to considering the other forty-nine together.

The Deputy Chairman: I am of the opinion that the committee is pretty well the master of its own procedure, but only by unanimous consent. Therefore we will consider these bills which have been referred to the committee with the exception of Bill No. 434. Is it understood that all these bills except Bill No. 434 are agreed to?

Some hon. Members: Agreed.

The Deputy Chairman: Then we are now on Bill No. 434.

JOSEPH DELPHIS GUILLAUME DELORME

The house in committee on Bill No. 434, for the relief of Joseph Delphis Guillaume Delorme—Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, I should like to ask the chairman of the committee or the Minister of Citizenship and Immigration—or both of them—a question, which I put forward in good faith. If they are prepared, when this bill is reported for third reading, to have it referred back to the standing committee I would have no objection to that procedure. If they are not prepared to do so, we will have to vote against it or make our own decision as to what course to follow.

Mr. Hunter: I would very definitely take exception to that procedure. The bill came before the committee, it was not contested and we passed it. Apparently the bill was contested before the Senate committee. They heard the evidence; they heard the witnesses. To refer it back to our committee means that we are going to have to have a retrial because until we hear the witnesses and hear them examined by their counsel before us we are in no position to judge what has been judged by the Senate. In my opinion it would be a redundant procedure and would amount to a retrial. If this bill were referred back I would not feel that by simply reading the evidence—I am sure many members of the committee would agree with me—I

would be in a position to judge it. In order to form a proper impression I am sure we would have to have the witnesses recalled and rehear the case. After the Senate has spent the time it has on this bill I do not feel that we would gain anything by retrying the case. We are not a court of appeal. It would be a second trial, and for these reasons I would not agree to that unless the house rules otherwise.

Mr. Knowles: I agree with the hon. member for Parkdale that we are not an appeal court or a court of retrial. We are still a parliament of two houses, and we are supposed to make up our own minds as the result of our own study of the measures that come before us. I am not impressed with the argument that this matter has been gone into thoroughly by Their Honours in the other place. If parliament is not prepared to get this business of divorce out of parliament, if parliament insists on the job being done here, surely we should do it. I think the least we should do with Bill 434 is to refer it back to the standing committee on miscellaneous private bills so that they can study the evidence, call witnesses or do as they wish on our behalf.

Mr. Nicholson: The hon. member for Burnaby-Richmond rose to his feet in defence of this bill.

Mr. Goode: On a question of privilege, Mr. Chairman, I did not defend the bill.

Mr. Nicholson: He implied that there must have been good cause for passing it inasmuch as the evidence took seven hours before the Senate committee. I do not want to impose on the committee by quoting at any greater length. The hon. member for Parkdale who is sponsoring the bill is here today, but I think it is significant that of the seventy-five members from Quebec not one of them is prepared to sponsor these bills. In view of the evidence I have quoted at some length I think the sponsor of the bill should explain where I was wrong or give other information than appears in the evidence to indicate that the committee should treat this bill in the same way as the other forty-nine have been treated.

Mr. Goode: May I ask a question of the chairman of the committee on miscellaneous private bills? In the meeting of that committee was this bill protested by any member of the C.C.F. party?

Mr. Hunter: The answer is no.

Mr. Nicholson: I understood the hon. member for Saskatoon to say that none of these fifty bills were contested. According to the evidence before us this case was contested, and the evidence is there.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

Clause agreed to.

The Chairman: Shall clause 2 carry?

Mr. Knowles: On division.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bills reported.

Mr. Deputy Speaker: Is it agreed that these bills be read the third time now?

Mr. Knowles: Would you separate Bill No. 434 from the other forty-nine?

Bills Nos. 380 to 388; Nos. 395 to 417; Nos. 423 to 433; Nos. 435 to 440 read the third time and passed.

Mr. Hunter moved the third reading of Bill No. 434.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, for the reasons which I gave when we were in committee of the whole I move, seconded by the hon. member for Saskatoon (Mr. Knight):

That Bill No. 434 be not now read the third time but that it be referred back to the committee on miscellaneous private bills.

I believe that is in precisely the same form as a similar motion made by the Minister of Citizenship and Immigration (Mr. Harris) a few weeks ago.

The house divided on the amendment (Mr. Knowles) which was agreed to on the following division:

YEAS

Messrs:

Argue	Gillis
Barnett	Green
Bell	Hahn
Bennett, Miss (Halton)	Harkness
Blackmore	Hees
Blair	Hodgson
Brooks	Howe (Wellington-Huron)
Bryson	Johnston (Bow River)
Cameron (Nanaimo)	Jones
Campbell	Kirk (Antigonish-Guysborough)
Casselman	Knight
Castleden	Knowles
Charlton	LaCroix
Churchill	Lafontaine
Diefenbaker	Leboe
Dinsdale	Lennard
Ellis	Low
Fairclough, Mrs.	Macdonnell
Fraser (Peterborough)	
Gagnon	

MacInnis	Robinson (Bruce)
MacLean	Rowe
McBain	Shaw
McGregor	Stanton
McLeod	Starr
Monteith	Stewart (Winnipeg North)
Montgomery	Thomas
Nicholson	Trainor
Nickle	Tustin
Pallett	White (Middlesex East)
Patterson	Winch
Pearkes	Yuill
Proudfoot	Zaplitny—66.
Quelch	
Regier	

NAYS

Messrs:

Anderson	MacDougall
Applewhaite	MacKenzie
Ashbourne	MacNaught
Balcom	McCann
Bennett (Grey North)	McCubbin
Brown (Essex West)	McCulloch (Pictou)
Buchanan	McIvor
Cameron (High Park)	McMillan
Campney	Mang
Carter	Matheson
Cavers	Michaud
Claxton	Mitchell (Sudbury)
Croll	Nixon
Decore	Pearson
Enfield	Philpott
Fairey	Pickersgill
Forgie	Pommer
Gardiner	Prudham
Garson	Purdy
Gingras	Reinke
Gour (Russell)	Roberge
Gregg	Robinson (Simcoe East)
Hanna	Schneider
Harris	Shipley, Mrs.
Hosking	Simmons
Howe (Port Arthur)	Sinclair
Huffman	Stick
Hunter	Stuart (Charlotte)
James	Tucker
Kirk (Shelburne-Yarmouth-Clare)	Weir
Leduc (Gatineau)	White (Waterloo South)
	Wood—63.

And the Clerk proceeding to announce the result of the vote:

Mr. Speaker: Order. Before the result of the vote is announced I have noticed, as I am sure all other hon. members noticed, that the hon. member for Timiskaming (Mrs. Shipley) voted with the—

Some hon. Members: No, no.

Mr. Speaker: Order. I have noticed that the hon. member voted with the yeas, while perhaps it might have been her intention to vote with the nays. Now, hon. members may recall that there are precedents with respect to the correction of votes given by inadvertence. There was a precedent in the case of the Hon. Mr. Bracken who, on one occasion, had his vote deleted because he had voted by inadvertence. That ruling was given by Mr. Speaker Fauteux. See *Debates*, May 22, 1946, page 1774, and also May 23, 1946, pages 1793 and 1794. I am dealing with this point of order at this time, because on this occasion it concerns the taking of the division, and it must be settled before the result of the vote is announced. I think we ought to give the hon. member for Timiskaming an opportunity, if she so desires, to register her vote according to her true intention. If she does that, then I shall order that the Clerk delete her vote from the list of yeas.

Mrs. Shipley: Mr. Speaker,—

Mr. Speaker: There shall be no debate. If the hon. member rises in her place, then it is an indication that she wishes to vote with the nays.

Mrs. Shipley: I was about to say that I intended to vote with the nays.

Mr. Speaker: Therefore I direct that the division list be corrected accordingly.

Whereupon the Clerk announced the result of the vote as follows: Yeas, 66; nays, 63.

Mr. Speaker: I declare the motion lost.

Some hon. Members: No, no.

Mr. Goode: Mr. Speaker, I was paired with the hon. member—

Mr. Speaker: Order. I am sorry; I declare the motion carried.

Mr. Goode: I was paired with the hon. member for Medicine Hat (Mr. Wylie). Had I voted I would have voted against the amendment.

Mr. Speaker: I think I might as well get back to my senses, here. Having still in mind the intricacies of the point I have just dealt with, having to do with the division, I had completely forgotten that the result of the vote as announced by the Clerk was favourable to the yeas instead of the nays. Now I am informed that that is so. Therefore I declare the amendment carried.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

The house resumed consideration of the motion of Mr. Martin for the second reading of Bill No. 462, to provide for allowances for disabled persons.

Mr. Shaw: When at five o'clock the house detoured into that unpleasant field of divorce I was dealing with the definition of the

expression "totally and permanently disabled" and also with the definition of a similar term used in the Ontario act and in the Alberta act. It was indicated by me that Alberta, within the first year of the operation of its act to provide for pensions for certain disabled persons, encountered certain difficulties which made it necessary to amend their act within the period of twelve months.

The particular problem which confronted the government of Alberta in their act was in relation to those who may be mentally and physically disabled, but not so mentally disabled that they required hospitalization. I know that in the administration of their act it usually resulted in a decision that where mental and physical disability existed the deficiency was called "mental" and the person not pensionable.

We feel that when it comes to the definition of totally and permanently disabled persons probably the federal Department of National Health and Welfare, in consultation with the representatives of the provinces, will take that matter into consideration. It might seem that since Alberta has in its act defined disabled persons and also has a definition of chronic disability, we might urge that that definition of totally and permanently disabled persons be included in the bill which is before us at the present time; but we are not going to take that position. We believe that whatever definition is determined will result from negotiations between the federal department and the representatives of the respective departments of the provinces and that a properly negotiated definition of the term will emerge.

It may be that the same experience will be encountered that was encountered in my own province of Alberta within a period of a very few months after the act becomes law. It would then become necessary to amend the regulations or the act. We believe that if the definition is in the act it could not be amended without a statutory provision. If it were defined by regulation, then it is conceivable that it could be changed in the same way and rather quickly. For that reason we would prefer the definition to be established by regulation. However, we would say to the minister that if any change is to be made at any time after the first agreement is reached, such change should result only after proper negotiations with the provinces. We would hope that the federal Department of National Health and Welfare would not presume to take it upon itself arbitrarily to declare a change in the definition without consultation. We would not want that to happen under any circumstances. We feel that in every case there should be a truly negotiated change.

I would add to that, certainly I do not consider myself qualified to define the expression "totally and permanently disabled". In this case, as I mentioned on other occasions, we must count upon those who have had some experience and who are in a better position to ascertain what might be a more generally acceptable definition. I think it goes without saying that whatever definition is determined would be applicable to all provinces; that there will not be any variation among the provinces.

It is to be noted that in Bill No. 462 the age of 18 is set as the qualifying age. It was indicated by the minister that that conforms with the Ontario act. My own province set the age at 21. I have not been so directed by the government of Alberta, nor have I any indication of what they intend doing, but I would hope—and I am also confident—that Alberta would see its way clear to accept the age of 18 as the qualifying age. After all, during the past year they have been assuming the full financial responsibility under their act which provides pensions for certain disabled persons. Now with the federal government assuming the responsibility of one-half of the cost, Alberta should be prepared to lower its age from 21 to 18. As I say, I hope and I am confident that they will do that, although I have no right to say so officially.

With respect to the proposed pension, we realize fully as a group here that one can argue that $40 is hopelessly inadequate to provide enough security for those people, but we are not going to press that at this time. We realize it is a new step. This legislation is being introduced and we assume it will be passed by parliament and will become law. That is the first step. But if we do not make an issue of $40 at this time, let it not be assumed or concluded that during the next session, or during subsequent sessions, we may not propose that it be increased.

The one thought that does go through my mind is this. Under the old age security and old age assistance acts the basic payment is $40 a month, and I presume the minister might to a degree anyway be justified in saying: We do not want this to be different from the payments under these acts. We realize fully of course that in many instances the earnings of the disabled will be nil, or at least considerably less than that of persons who qualify for old age assistance and old age security. However, that is a debatable question, if one bears in mind the fact that many of the older people, although they may be physically able to perform some work are not just acceptable generally to those who employ people. Therefore it is a highly debatable question. We see this bill as certainly

a step in the right direction. Those people who have received nothing to date in the way of direct payments will receive $40 a month, and it will look like a fortune to many of them.

Let it not be assumed, as I said before, that if we do not labour that issue we feel it is a satisfactory amount, if one is looking on it as providing security. The minister will argue that it is not designed to provide security. We can see that argument, too.

The bill provides for a 10-year residential qualification. As a member of the old age security committee, I know we had to give very serious consideration to the matter of residence. We realized how easy it would be for people outside of our borders to suddenly rush into the country to qualify. For persons, let us say, in the United States, that would not be too difficult. They would not find too much difficulty in coming into our country. In this case they do not have to be subject to Canadian citizenship. Therefore we found it necessary to recommend that in the Old Age Assistance Act they had to reside in the country for 15 years and under the Old Age Security Act for 20 years. We have no particular objection to the provision that there should be a residence qualification. Even under the Alberta act they found it necessary to insert a residence qualification of 10 years because if a province had a provision to pay a pension to disabled persons and did not have a provision covering a residence qualification there would be an almost immediate influx of people from provinces all over the country. It became necessary, therefore, for the province of Alberta to have that residence qualification.

Earlier in this session, Mr. Speaker, in fact during the debate on the speech from the throne, the hon. member for Edmonton-Strathcona (Mr. Hanna) referred to the Alberta act and indicated—he did not use the word "discriminatory"—that with that provision it would have a bad effect upon unity in Canada. Of course he did say that it was maybe necessary to have that provision. Well, I feel it certainly was necessary to have it, and it is just as necessary in an act of this kind to have residential qualifications. There may be a situation developed in Canada where one or more provinces may take advantage of this act. Then, of course, you would have the position of the 10 years' residential qualification running into a rather unusual situation where a person may move from one province, where they pay no disability pension, to another province where they do make that payment. I do not know what would happen under that situation because they might well have been residents in Canada for the 10-year period.

Probably this was discussed when the minister held a conference with the representatives of the province. All these matters are important. As the bill progresses through its various stages we may well have questions to ask on such matters.

In his early remarks the minister indicated that the situation as it existed with regard to disabled persons constitutes a real burden upon their relatives and friends. Well, most of us know that, and I certainly know from my own personal experience in view of the cases with which I have had to deal. It is a real tragedy for many people. In fact, I know of one couple who have reached the old age security stage and they have a daughter who is approximately 30 years of age. She is unable to provide for herself and her parents want to keep her at home. Her condition is a combination of mental and physical and they feel she is their responsibility. But they have to live upon old age security payments and it is quite a struggle for them. Of course what disturbs them more than anything else is what will happen to their dependent when they pass away.

In this bill we have at least provided a partial answer to that problem. In another particular case I think I found one of the most tragic experiences I have ever had as a member of parliament. This concerned a man who was 60 years of age who came to me for advice. He had resided within this country for a period of 40 years and he had been successful as a farmer but he developed arthritis and over a period of years it had taken practically everything he had been able to acquire in order to try and secure some relief for his disability. He, like so many other people, followed up every suggestion good or bad in order to find relief until in the end he was without means. His wife was compelled to scrub floors in order that the two of them might be able to get along. He communicated with me and he did not fit in anywhere. I thought it was a terrible tragedy for me as a representative of this country and a member of parliament in this great nation to have to tell him that his only hope was municipal relief. I cannot recall anything which hurt me more than that particular case.

This is the type of case which will be covered under the bill which is now before us and one need not go beyond that particular case to appreciate the value of the general principle contained in this bill.

The minister said, though he may not have used these exact words, that we would share the burdens these people have to bear. I agree with that absolutely. Certainly those

of us who are more fortunate from a physical point of view have no cause to complain about sharing the burden which these people have had visited upon them through no choice of their own, and for any nation like this to be able to fill that gap is certainly a step forward.

In the early course of my observations I may have been somewhat critical. In fact, the minister by his interjection has remarked to that effect. I was critical but he will appreciate that we see in this bill a real step forward and something which we have no hesitation in supporting at all in principle, and if I know this House of Commons, as I have known other houses in the past, then I would suggest that there will be few and probably no dissenting voices in this parliament. But once again, however, I do not want a statement of that kind to be construed as meaning that we accept it in every detail.

Now, Mr. Speaker, it would be the easiest thing in the world to go on discussing this measure and occupy the entire 40 minutes at my disposal. But I do not intend to do that. To the extent that I have already spoken I have probably held up the passage of this measure. If that be true then possibly I should apologize. We in this group certainly support the bill before the house at the present time.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I know I have no more right to speak on this bill than any other hon. member in this house, but I have some right and I wish now to express my gratitude to the minister for introducing this measure. When I came here in 1935 this was one of the things about which I spoke. I have continued to do so every year since because I felt then as I have felt ever since that those who could not earn a dollar were forgotten people, but that they were not forgotten people after that.

I am not going to speak very long tonight because I have spoken loud and long in the past on this subject and I must say that I received first class support from all around me, especially after the session was over when the minister supported me in my views. I am not forgotting the former minister of national health and welfare, the late Senator Ian Mackenzie. When I had spoken on this matter on about the fourth occasion he said: "Dan, stick to it. You are right."

The Christian program is, feed the hungry, clothe the naked, visit the sick, and help those who cannot help themselves. Very plain and simple. But, of course, we sometimes feel the government should do more and we are not always willing to put our hand in our own pocket and help those who cannot help themselves. But personally I think hon. members of this house even in that way take second place to no other group of men in Canada.

I admit I received considerable support from the trades and labour council of Fort William, and Jim Walsh, who was then president, gave me a complete list of disabled persons. I was alarmed because I did not realize there were so many but of course the trades and labour council were in possession of that information because they were always interested.

I paid my tribute three years ago to the present Minister of Labour, the V.C. on this side of the house who has a good heart in him too, and who gave me any information he had on the subject. He told me that his department and the Department of Veterans Affairs and the department of national health were co-operating with the provinces all over Canada in trying to help disabled persons.

Two years ago, before the election, when we debated this question in a full and complete manner, I will not forget, and I think the hon. member for Winnipeg North Centre (Mr. Knowles) will not forget either, that I thanked the minister when he promised consideration for this problem. The hon. member for Winnipeg North Centre said I had more confidence in the minister than he had. If he looks up *Hansard* he will find that. Indeed, the hon. member has now agreed with me and while my first name is the name of a prophet I think my prognostication was a little more accurate than his at that time. A little more than a year ago I commended the province of Ontario for leading the band. No matter what party is in power we expect the province of Ontario to lead the way because we are the crack province of Canada. They led the way in bringing in this pension for disabled persons.

Mr. Speaker, I have been in the homes of some of those disabled persons who have received the pension. May I say that it would do anyone's heart good to hear them express their gratitude for the $40 a month. The hon. member for Red Deer (Mr. Shaw) says that it is not enough. May I say too with him that $40 more than nothing is a great deal of money to people who previously had not had a dollar of their own. Just to feel that stiff cheque in his hand for the first time gives such a person a great thrill.

I know there will be difficulties in administering this bill. As to the definition, I would be well satisfied to take the definition upon which the province of Ontario grants their pension. It will be fairly close to what is right. The hon. member for Winnipeg North Centre said that the federal government

should pay 75 per cent of the cost and the province should pay 25 per cent. I do not see much sense in that proposition. I speak for the province of Ontario now. If the province of Ontario is paying the whole thing, why should we discredit the province of Ontario by offering them 75 per cent of the whole 100 per cent they are now paying? Why should we offer the 75-25 per cent basis to a province like Alberta? I was going to say that that is a province which has more money than it knows how to handle, but I will not say that. Would we offer the basis of 75-25 per cent to British Columbia? Would we offer the basis of 75-25 per cent to Quebec? They would tell you, "We will pay for our own pension". It may be that there are some provinces which will find difficulty in this matter. I am sure that the dominion government will not be lacking in their willingness to co-operate.

The only thing I want to say is this: While there are those in the opposition who have tried to pull this bill to pieces and—they did not say it was almost bad but they would not say it was almost good—to show the weaknesses of the bill, but I just take this opportunity, in my own humble way, of thanking the minister for his co-operation. He never gave me anything else. Three years ago we let the resolution go by and did not debate it. He said: You will get co-operation just as soon as the government is ready. Now the minister does not take credit for this bill; he gives the government credit. He knows that he is not the government. However, he is an extremely important part of it as far as this bill is concerned.

I am not afraid of what the future may hold for this bill. There may be considerable difficulty, but it will be a great help to those who have not had a dollar coming in. I have had letters from all over Canada, from Cape Breton to Victoria. One little girl wrote me from Cape Breton the other day to this effect: We hope it will come; I have never earned a dollar and unless Providence does something for me, I never shall earn a dollar. To any cabinet minister or any member of this house who can be a partner in giving a girl like that a pension it must give a feeling of happiness to be alive and to be a member of this house.

I just conclude by saying "Thank you, Mr. Minister; may you keep on going because in every department in which you have worked or which you have headed up you have done something that made Canada sit up and take notice". Just think of it. As to those of us who were not born in Canada but who were born some place else and are still living here, whether we were Scots, Irish, English, Italian, Russian or something else, we are not that any more. I am not an Irishman any more; I am a Canadian. I was born in the land that I left in order to choose what I thought was a better country to come to, and I am loyal to my native land. I just thank the minister and say this to him: Keep on and may Providence be with you.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, since I am one of those who have been requesting for the past few years in the house the enactment of legislation to provide help for our disabled citizens, I feel justified in participating in the present debate, even if I speak for only two or three minutes.

May I first congratulate the government on this truly social legislation. If I were one of those whose duty it is to criticize I would say that it comes a little late, but I believe I can disregard that fact and congratulate the government for finally agreeing to introduce this social legislation.

However, I must qualify my statement by making a suggestion to the Minister of National Health and Welfare (Mr. Martin) through you, Mr. Speaker. In my humble opinion, the age at which the disabled person will be entitled to receive a pension—provided the other conditions have been satisfactorily met—is a little too high, since in certain cases, at the age of 18, the anatomic lesion or functional trouble has become permanent and cannot be cured no matter what treatment is applied at that time.

Therefore, we should get the assurance that rehabilitation treatments will be given in due time, when they have the most chances of succeeding. I know that the lowering of the age of eligibility to 15, to 10, and even to the time of birth, would greatly upset the provisions of the bill now before us.

However, if it were impossible to lower the age limit provided in the bill in an absolute way, I would be tempted to make to the government, in order to remedy this situation, the following suggestion: in my opinion, this bill should provide for payments from the time of birth in certain cases, or later, in the specific cases where these children or these young people undergo medical treatment for rehabilitation, and this as long as the invalidity lasted and treatments were given. In addition to the moral support to which I referred a moment ago and which I shall not discuss further, this procedure would facilitate rehabilitation, which, I can well imagine, is the ultimate dream of the Minister of National Health and Welfare.

In any event, this suggestion would bring about savings of public funds since a relatively large number of these people who would have undergone treatment from an early age would have become normal men or women who would no longer fall within the category of those assisted by the bill under consideration at this time. And what is more important still, a number of them would have become quite normal by the time they would be coming into contact with society. They would therefore have a far better chance of normal rehabilitation.

When I say that by promoting the early rehabilitation of a large number of these invalids, the government would save money, I will not be contradicted, I am sure, by the Minister of National Health and Welfare. If I have understood his remarks properly, this afternoon, he mentioned that a number of veterans, for instance, have been put in a position where they are now once more able to lead a fairly normal life after undergoing rehabilitation. As a matter of fact, the same is true of assisted and rehabilitated blind people.

It is, in fact, that part of the minister's remarks, added to my modest medical knowledge, which have prompted me to say the few words I have just said and which I now immediately bring to a close, submitting them most sincerely to the attention of the house.

(Text):

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I expected this to be a very happy day because it seemed to me that all parties in the house would hail with real satisfaction the introduction of this bill which marks such a great forward step in the setting up of the welfare state in Canada. However, I was astonished to hear the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles). I think that never before in my life, and I admit I am getting on in years now, have I heard an hon. gentleman find so much cause for gloom in something that is so obviously good. I should have thought that of all the political parties in the house that hail the bill with satisfaction the hon. members who sit opposite me would have hailed it with the most satisfaction, knowing as they do that the Liberals have some common ground with them on the question of social welfare and differ from them only with respect to that kind of socialism that has to do with the social ownership of certain public utilities.

I should have thought they would have been overjoyed at the fact that the Liberals had introduced this new and large measure of the welfare state in Canada. But what do we find? We find that the hon. member for Winnipeg North Centre sees nothing but cause for unmitigated gloom in the bill that has been introduced in the house today.

Mr. Knowles: May I ask the hon. member a question?

Some hon. Members: Sit down.

Mr. Knowles: Did the hon. member hear my speech?

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Philpott: I heard every word of the hon. member's speech.

An hon. Member: What with?

Mr. Philpott: I have also heard every word of the thousand and seven hundred and sixty-six speeches he has made this year.

Mr. Knowles: Then you should have profited by doing so.

Mr. Philpott: So far as some of the speeches the hon. member has made are concerned, I have agreed entirely and I have not hesitated to vote with him even against the majority on this side of the house when I thought he had said something sensible. But when he talks such sheer unmitigated poppycock as he talks today then I find that I cannot go along with him. I must say that the hon. member for Winnipeg North Centre reminds me of a certain character in "Pilgrim's Progress". We have so many ex-clergymen in the house that maybe they will be able to remind me of which one it is, but it is a character in "Pilgrim's Progress" who, no matter how good things were, always found something wrong with them. I think if the hon. member for Winnipeg North Centre went to a wonderful wedding and got a great big slice of wedding cake he would go home and complain that he hurt a tooth on a pebble in one corner of the cake. I am very much afraid that on the day after he gets past St. Peter and is admitted within the pearly gates he will be complaining that although the streets are paved with gold there should also be diamonds in the gold-paved streets. Seriously, Mr. Speaker, I think that every intelligent person—

An hon. Member: That counts you out.

Mr. Philpott: —in the Dominion of Canada will know perfectly well that what we have done today is to pass a great milestone in the social welfare set-up of the Dominion of Canada. I think if we have any great weakness it is perhaps partly due to the hon. gentlemen opposite who are such experts at

crying blue ruin even about the social welfare advances that we do make. However, in my opinion every intelligent citizen in Canada will know perfectly well that we have passed a great milestone in our social welfare system. I think that the Canadian people have some weaknesses and one of them is that we do not think highly enough of our own achievements.

One of the great advantages of travelling in all the different countries of the world is that you find out that, regardless of the political persuasion of the people you meet, Canada's prestige stands high with all the nations of the world. You will find that while you may get an argument about some things you will not get an argument about the statement that Canada has the finest welfare state system of any country in the western hemisphere and is even miles ahead of our great and rich neighbour to the south, the United States. As an example of that I have in my hand a copy of *The Reporter,* a very reputable magazine published in the United States. It is the issue of April 27, 1954 and it contains an article by state senator Richard L. Neuberger of Portland, Oregon, on Canada's social security system for children. He gives the origin of our welfare state system in Canada dating it from the report of Professor Leonard Marsh of my own home town of Vancouver. He has this to say:

> The last time millions of Americans were out of work their craving for assurance against want produced unemployment compensation, old age assistance, and our entire system of social security benefits. If such economic hardships occur again, a new phrase is likely to be heard in the land: "family allowances."

Then he goes on at great length to show how family allowances, the great reform enacted by the Liberal government headed by the late Right Hon. William Lyon Mackenzie King, have been such a great advantage to this country, how we have set the pace for all the other countries of the western hemisphere and how far ahead of those countries we are.

I want to touch briefly on an extremely important point made by the Minister of National Health and Welfare (Mr. Martin) with respect to the health grants of 1948. I think that the people of Canada have not yet realized how tremendously important those health grants are. I happen to have had experience of that from the receiving end because not so much by my own decision but more or less because pressure was put on me to take the job I became the first British Columbia president of the Canadian Arthritis and Rheumatism Society, a society which achieved a marvellous expansion right across the country. Whereas it started in the first instance only a few years ago with no facilities, no technicians and no treatment facilities we all know that now the facilities stretch pretty well across the country.

British Columbia has set an example for the whole of Canada. We set out only a few years ago without a single dollar of funds but with the realization of a great need. We happened to have in that province a very fine woman who was the sparkplug of the whole thing. She more or less stampeded me into the job. I must say that we had great co-operation from the Department of National Health and Welfare from the very beginning. When we first started out we were almost embarrassed by the amount of help we got from the department in the way of actual facilities. That great work would never have been able to spread across the country in the way it has if that help had not been available from the very beginning to give us the physical equipment needed to carry out that particular job. As I say, if you go right down the list I think hon. members know perfectly well, I suppose, that everyone in this house, or for that matter and out of it, says silly things at times or things that we do not mean seriously—

Some hon. Members: Hear, hear.

Mr. Philpott: —and I will be the first to admit that I have done my share. But let us never forget this. Whatever else we fight about, let us not belittle the great social welfare—

Mr. MacInnis: Take your own advice.

Mr. Philpott: —system which we have set up in this Dominion of Canada. We have a very fine system here, of which every patriotic Canadian should well be proud.

I know quite well that this bill is not perfect. I know quite well that the social welfare system of Canada is not perfect. I am reminded of the time when the great evangelist Dwight L. Moodie remarked during one of his sermons that he had never met any perfect people. After the sermon one of the congregation came up to complain. He said that he was a perfect man, whereupon Mr. Moodie remarked "are you married?" The gentleman said, "yes". He said, "I should like to have a word with your wife". Now, there may be completely perfect people in the group opposite; there may be completely perfect social welfare measures in the group opposite. However, I feel we have not done too badly in our social welfare state system in this Dominion of Canada. I, for one, am glad to see that so far as we can possibly discover up to now there is no one in this house who is willing to stand up and say he is opposed to this system.

The great advance in our time was when family allowances were introduced into Canada. As we all know, a prominent leader, whose name I shall not mention at this time, took a very prominent position contrary to family allowances. In this analysis written by state senator Richard Neuberger, in the magazine *The Reporter*, he attributes one of the successes of the Liberal party over many years, and one of the causes of the non-success of a certain other party that I shall not name now, to the fact that in the early days they took such a strong position on family allowances. I, for one, have never been the slightest bit taken aback by the gibes we hear from some hon. members opposite concerning silk-hatted socialists. I have never been taken aback when we were accused of setting up a welfare state. Now, I find even some Conservatives in some other countries are not the slightest bit backward about taking responsibility for setting up the welfare state.

I had the great privilege during the last general election campaign in Great Britain of being sent over in a professional capacity to write about the political campaigns. I heard six of the seven speeches made by that great leader of the Conservative party, the then Right Hon. Mr. Winston Churchill. I may say it was a wonderful experience for me to hear that grand old war horse, and to see him winning an election by making only seven speeches. Six of those speeches were just a half hour long, and I assure you, Mr. Speaker, I intend to follow his example and stay within my half hour. I shall never forget being at his nomination meeting, which they call an adoption meeting, and he was anwering questions from the floor. Someone asked him, "Is it true that the Labourites inaugurated the welfare state?" The grand old Conservative gentleman rose and said, "The welfare state, I invented it". That is the leader of the Conservative party speaking. Then he went on to give the reasons for saying that it was under his government, during wartime, that he laid the foundation for the welfare state.

However we may argue about small things that do not matter—

Some hon. Members: Hear, hear.

Mr. Philpott: —let us not belittle the really great social advances that we are making. Let the hon. gentlemen opposite who find it so difficult to give credit where credit is due acknowledge at least that the Liberal government has made a great forward step in this system of the welfare state. The other day the young Liberals of Canada presented to the great Prime Minister of this country, and the leader of this Liberal party, a very fine bronze bust. The real memorial to the Prime Minister of this country will not be found in anything made of bronze, but it will be found in the regard of the people of Canada for the great statesman who set up the great system and made the great forward step in the welfare state, which keeps this Canada ahead of the whole western hemisphere.

Mr. O. C. Trainor (Winnipeg South): The remarks of the hon. member for Fort William (Mr. McIvor), Mr. Speaker, cannot have failed to add to the self-satisfaction already so adequately expressed by the Minister of National Health and Welfare (Mr. Martin) on his own account. In support of, and as a basis for, this self-satisfaction the minister told at some considerable length of the work that had been done and the results that had been achieved by other people. It is true that he did mention some few grants the government had given to these organizations, but he carefully refrained from speaking of the percentage those grants represented of the total that had been expended on these projects.

The proposal embodied in this bill is meritorious. I do not believe any hon. member could have serious objection to the principle involved. If we are going to pay pensions to individuals solely because they have reached the age of 70 years, irrespective of their earning capacity, then the payment of pensions to those permanently barred from earning a livelihood either through injury or disease should logically apply with even greater force. However, there is a consideration applicable to this latter group of which the bill as drafted takes no cognizance. It is important, of course, to see that the totally disabled person possesses sufficient financial resources to provide the ordinary necessities of life, food, clothing and shelter. But it is of even greater importance to retrain the individual to live within the limits of his possibilities and to the hilt of his capabilities.

I cannot believe that the minister is so indifferent to the opportunities presented to him at this time as to ignore the prospect of establishing modern facilities throughout the country for the retraining and rehabilitation of the totally disabled. What sort of answer to the pitiful plea of the supposedly hopeless cripple is it to say, "We will provide you with a pittance sufficient to enable you to live in your misery for the period of your life expectancy, but we can offer you no hope of an improvement in your condition." This attitude might be justified, if there was really no hope of re-establishing those seemingly hopeless cripples.

Mr. Martin: The hon. member has asked me a question. I certainly spent a good deal of time pointing out what we were prepared to do in the field of rehabilitation, which is associated with this measure.

Mr. Trainor: I wish the minister would indicate to what extent, and how much money.

Mr. Martin: I did. I guess my hon. friend was not in the house at the time, or he would not be saying this.

Mr. Trainor: This, however, is by no means the case, as the minister is no doubt aware. Several agencies in this country and in the United States are doing excellent work in this connection. Among those that might be mentioned is the Ontario compensation board at Malton, which is achieving remarkable results in the rehabilitation of victims of industrial accidents.

Mr. White (Waterloo South): We heard all that from the minister today.

Mr. Trainor: But it is not the minister's department that is doing it, you will notice. The Department of Veterans Affairs, which incidentally happens to be a department of government—and I will give them full credit for this—is engaged in the treatment and retraining of paraplegics at several centres. They could do a lot more. Perhaps the best known work of this nature on this continent is being carried out at New York University, Bellevue Medical Centre, at the Institute of Physical Medicine and Rehabilitation.

Dr. Howard A. Rusk of New York city, reporting in the *Journal* of the American Medical Association in the issue of November 1, 1952, surveys the results achieved in 208 cases discharged from this institution, taken consecutively. This report emphasizes the really remarkable results that can be achieved by a comprehensive program of retraining among a group of helpless and hopeless cripples. For instance, 97 per cent received some benefit from their rehabilitation experience. The number confined to wheelchairs and beds decreased from 67·8 per cent to 32·2 per cent of the total, and the number of bedfast included, decreased from 36·1 per cent to 11·1 per cent. The number able to do some kind of work increased from 18·3 per cent to 59·6 per cent, and the number incapable of even minimum self-care decreased from 63 per cent to 18·3 per cent. This latter figure is a true index of the economic value of the program.

From the point of view of direct measurable gain in dollars and cents—the cost of rehabilitating 49 of the patients to a stage where they were able to engage in gainful employment was $140,000 and the annual earnings of this same group after rehabilitation totalled $94,000—not a bad return on investment. From the point of view of overall significance to the community of this type of program, I quote the conclusions of Dr. Rusk in the article referred to:

> 1. Rehabilitation pays dividends in dollars as well as in social returns. 2. Rehabilitation of severely disabled persons who may be potentially unemployable is no less valuable economically than rehabilitation of the less severely disabled who are potentially employable. 3. There is need for improvement and expansion of the administrative types of social service focused on development and use of resources in the environment. The hopeful finding of this study is that, with physical rehabilitation and adequate social support, the disabled person can "learn to live and work with what he has left".

Surely the government can require no more convincing evidence of the value of an organized program of rehabilitation for the disabled, both from the viewpoint of straight economic return on this investment, and from the aspect of freeing this hitherto neglected group of citizens from the shackles of enforced immobility.

I would suggest that the minister should enter into discussions with the provinces with the object of establishing at least one completely equipped and staffed institute of physical medicine and rehabilitation in each province, the cost to be distributed according to the respective financial capabilities of provincial and federal governments respectively.

In support of my contention that pensions alone are no solution to the problems of the totally disabled, may I quote a personal communication from Dr. Leona Baumgartner, commissioner of health of New York city, who has had a wealth of experience with this subject and who states:

> In regard to the question about the relative advantage of allocation of funds for rehabilitation purposes, rather than pensions and custodial facilities, there is no question that diagnostic treatment and rehabilitation services when carried on by well trained personnel can do much to change the outlook and potentiality of some custodial or public assistance patients to the point of helping them become independent, useful, self-supporting and productive members of society. It is undoubtedly true that such intensive measures will not be equally effective for all patients. However, until our scientific knowledge develops more, some custodial facilities and pensions will still be required, but perhaps less so than are now used as more and better rehabilitation services are developed.

Of course, Mr. Speaker, the minister may plead that this is a provincial responsibility, which is undoubtedly true, but the minister

has in the past shown himself as not without aptitude in circumventing such constitutional restrictions. Let him make use of his old device of matching grants in aid.

Mr. Speaker, there is no question of the existence of this problem in Canada, and likewise no question of the inadequacy of present machinery to deal with it effectively. In my opinion, the minister would be recreant to his responsibilities did he not seize the opportunity presented by this proposed legislation to see to it that a really comprehensive program of rehabilitation is made available on a nation-wide basis for our totally disabled citizens. It would be a simple matter to make suitable provision to this end in the proposed legislation. The minister indicates that he has already made it in other legislation, with which I am not familiar. I hope that that is a fact. The challenge is to the Minister of National Health and Welfare. Will he meet it?

If I thought there was any virtue in repetition and reiteration, I would probably weary the house with appeals to the government and the minister to widen the scope of this legislation in order to provide Canada with thoroughly modern, comprehensive rehabilitation facilities.

A rapidly increasing accumulation of experience in the United States proves that rehabilitation is economically feasible, but equally important that it is an economic necessity, and it gets worse and worse as our population gets older and older. The federal government of the United States recognizes this fact and gives active financial support to state and municipal governments towards the provision of facilities. Contrast this enlightened recognition of reality with the meagre, almost infinitesimal assistance provided to the provinces and municipalities by our federal government.

In case any hon. member is not impressed by the very substantial economic value to the nation of the program which I am advocating, I would like to put on the record some figures from the American experience which I would hope might impress the minister, and which I am certain are bound to impress his colleague the Minister of Finance (Mr. Abbott). I shall do this by quoting from an article entitled "The Economic Values of Rehabilitation" by McCoy, Rusk and Koch in the January 1954 number of the *New York State Journal of Medicine*:

> To sharpen our focus on these values, let us examine the figures for the year 1952. The 88 state divisions of vocational rehabilitation and agencies for the blind in that year gave some kind of rehabilitation service to more than 228,000 disabled individuals. In the same period they rehabilitated successfully 63,632 men and women. The entire cost of operation of the state-federal program was about $32 million. It is estimated that the annual earnings of the 63,632 men and women successfully rehabilitated will be in excess of $115,420,000. It is further estimated that in the first year after their rehabilitation they will pay in federal income tax from their earnings approximately $10,378,000 and that during their remaining working life they will pay about $270 million in federal income taxes! At this rate we are receiving from the successfully rehabilitated people $12 in federal income tax for each $1 of federal money spent.

In the light of evidence such as this I submit that the question is not whether or not Canada can afford a program of rehabilitation, but rather whether Canada can afford not to embark on such a program.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, it was not my intention to take part in this debate. I believe that in debates of this kind, particularly at this time of the session, the situation would be fairly met by one speaker from each party speaking for his party in regard to the bill; and then in committee anyone who had anything further to say could say it there. But I cannot understand the kind of speech that we heard here this evening from the hon. member for Vancouver South (Mr. Philpott). Surely his many friends in Vancouver will feel terribly disappointed with that speech. It was not even a correct speech.

I was not able to be in the house all the time when the hon. member for Winnipeg North Centre (Mr. Knowles) spoke, but I had occasion to leave the committee where I was to come into the house while he was speaking. As he began to speak his first words were: "We welcome this measure." He went further and said that when the bill went into committee we might have some criticism to make, but he said: "Do not let anyone think that because of that criticism we are not welcoming this bill." I do not understand why the hon. member for Vancouver South is particularly anxious to attack this party whenever he rises to his feet. Has he forgotten that when in the early days the party was on the up and up he himself became a member of it, and was nominated as one of its candidates? But realizing that in that way lay a lot of hard work and not very much in the way of anything else, he decided to leave it. Since that time until he came here he has run the whole gamut, advocating the election of every creed from communists to Conservatives. As a matter of fact, he advocated my own election on one occasion and he ran against a candidate of the Liberal party in 1949 as an independent. I do not know what sort of independent he might be, but I do know what sort of member he is now, and I do say that he must be a great

disappointment to the many people who believed that here they had something different.

Mr. Bennett: It is too bad you do not have more like him over there.

Mr. MacInnis: Thank God we have not! Many faults are to be found with members on this side of the house, as there are with members on that side, but we mostly know whether we are standing on our feet or on our heads, but the hon. gentleman does not.

Yesterday we were discussing another matter relating to old age pensions, and when the hon. gentleman noticed that a vote was in the offing he left the house in great haste.

Mr. Knowles: Shame!

Mr. MacInnis: That is not what the people of Vancouver expect of him. I do not wish to say anything more along that line. I could and may if I am tempted, but I shall leave it at that.

With respect to the matter of bringing politics into this debate, the minister did that very early in the game. He had not gone far in his speech when he brought politics into the discussion by drawing attention to those who had helped to bring this measure to its present stage. They were all on that side of the house. Surely the minister knows better than that. Surely he knows there are some over here. Surely he knows the hon. member for Lanark (Mr. Blair) has advocated these things in the house. As a matter of fact, he should remember that I myself brought in resolutions in regard to matters of this kind; I think it was in the second session of 1949 that I proposed a resolution.

He will remember this one after I tell him a little incident about it. My resolution was to inaugurate in Canada, with the assistance of the provinces, a system of social welfare that would take care of every individual who needed care through no fault of his own. The minister pointed out to me at that time that this sort of thing might happen. He said it was dangerous to do things of that kind because people might mutilate themselves in order to take advantage of social benefits. He said that a man might cut off both his hands in order to get benefits under the legislation that my hon. friend is advocating, and surely this parliament would not condone legislation of that kind. Well, this is legislation for the totally disabled, and perhaps somebody may be so keen to come under it that he may cut off both his hands.

An hon. Member: For $40 a month?

Mr. MacInnis: The fact of the matter is that if anyone should do that we would look after him even without this legislation. Let it be noted that in our legislation and in our workmen's compensation laws the individual's own negligence in contributing to an accident is not considered a bar to his receiving compensation. But that is the kind of nonsense we hear. I am accustomed to hearing ministers on the other side of the house, when they are introducing bills, giving credit to those who have helped to bring the measure about, forgetting others. I remember one bill a few years ago dealing with the matter of discrimination. They went over the whole field. I thought I had done a little bit along that line myself; I was forgotten. However, I can stand that sort of thing, if they can.

In regard to this measure, let me put myself on record early. I welcome this bill. Not only that, but I wrote an article for a couple of papers in my riding this morning and I referred to the bill that is now before us as another link in the chain of our many social services. Just to say that I welcome this bill is not to say that it is perfect. Even the hon. member for Vancouver South admitted that it was not perfect; but I suppose he has a dispensation to say that sort of thing which the hon. member for Winnipeg North Centre has not. Possibly we can find some way of getting that sort of dispensation for the hon. member for Winnipeg North Centre.

Mr. Knowles: Not from over there, please.

Mr. MacInnis: It is time we stopped playing with these things.

Mr. Martin: Hear, hear.

Mr. MacInnis: They are too important. The minister says "Hear, hear". But I hope he will remember the next time when he is thinking of those who helped create the atmosphere in which these things can be done he will not forget the people whose politics differ from his own. That is not Christian, and my hon. friend would like to be called Christian.

Mr. Martin: I fully agree.

Mr. MacInnis: It is not ethical either, and my hon. friend would like to act in an ethical manner. As I said, I did not intend to take up the time of the house at this stage in the session to speak on this bill, but I shall watch it if I have the opportunity as it goes through the committee, and if there are any suggestions I can make to improve it, or any criticisms I feel should be made, I shall make them.

My hon. friend, the member for Vancouver South, referred to Sir Winston Churchill. I am reminded of an observation made by another great Churchill, Sir Winston's father.

He said that if an opposition member ever had a good word to say for the government he should say it with a kick instead of a pat.

Now, I would not go that far. As a matter of fact, the praise which members of the government receive from this side of the house becomes a little embarrassing at times, and probably I have engaged in it myself. But then there were persons on the ministerial benches of whom I thought very highly, and because I thought very highly of them I did not want to stint a word of praise just because they sat on the opposite side to me and because their politics differed from mine. "A man's a man for a' that."

Mr. F. T. Fairey (Victoria, B.C.): Mr. Speaker, I hope that what I shall have to say will to some extent pour oil on troubled waters, and having had an experience once today I shall be very careful that I say nothing which can be misinterpreted. Something has been said in criticism of the minister for taking unto this government, to himself, and some hon. members on this side of the house, a certain amount of credit for introducing the bill now under discussion. I think it is true to say that at the same time the minister did give credit to other hon. members situated in other parts of the house. No one would ever contend that the measures we introduce do not sometimes have their inspiration from hon. members on the opposite side of the house. In fact, it would be a tragedy if that were not so.

Still, Mr. Speaker, I do rise with a good deal of satisfaction to support the measure which is going to provide allowances for disabled persons. This measure, completing, as I think it does, a broad pattern of social legislation, is one which all hon. members of this house, and indeed all the people of Canada whom we represent, will approve and applaud. The Minister of National Health and Welfare (Mr. Martin) is to be congratulated I think, as the responsible minister of this government, on the completion of the over-all plan. It must give him and his officials great satisfaction to realize that all classes of our people who have a legitimate claim upon the heart and purse of this country are now taken care of.

It is not without value to note that this government, chiefly through this department and the Department of Veterans Affairs, provides for assistance to the young through family allowances, and the old through old age security and old age assistance, leaving the middle group, the young and the vigorous, to fend for themselves and, in addition, to help bear the burdens of those in other groups.

The blind and the war veterans, being special groups, are treated as such, leaving only those who suffer a disability not attributable either to blindness, war service, or industrial accident. It is well to note the similarity in the measure of assistance to be given. For the most part, the allowances are the same in amount, and all require some form of means test. In my opinion, this is as it should be. Note also that allowances are to be paid for total and permanent disability. Herein lies the chief difficulty. Mention has already been made by other speakers of this problem and I will not develop it further, as I intended to do, because I have confidence in the skill and sympathetic attitude of the minister and his very competent officials to arrive at a satisfactory and reasonable interpretation of what this parliament means by "permanent disability".

Here, Mr. Speaker, I leave the field of administration and finance to venture into the field of the theory of social welfare. Is this a good measure? What is the chief aim of measures of this kind? Is it to rid ourselves of the uncomfortable feeling that others of our people suffer, chiefly through no fault of their own? Do we achieve this by the payment of a sum of money which will assist them to exist?

I have sufficient knowledge and faith in the sense of responsibility of our people and this parliament to reject this as a complete answer, and to make the claim that our ultimate aim is to build up the physical and emotional state of each of these unfortunate people so that they can become able and willing contributors to the society of which they are members.

It would be wrong simply to pension people off. All the measures sponsored by this government in this field are measures of assistance. None are intended to be more than that. To deprive a person of the incentive to strive for himself is morally wrong and does not achieve the purpose which is set before us. For one thing, the amount of assistance is never enough. The more nearly the amount of assistance is to a subsistence level the more dependent does the recipient become and the less likely is he or she to put forth that effort which contributes to healthful living.

While I approve, Mr. Speaker, a reasonable and even a generous measure of assistance to those who cannot under any circumstances fend for themselves, I do emphasize the wisdom of keeping ever before us the possibility of rehabilitation. There are degrees of disability. No person is without some form of disability and, indeed, there are some

inspiring stories which may be told of men and women under a disability, which most of us would consider total and permanent, rising to great heights of achievement and making a lasting contribution to society.

As a matter of fact, I have just completed reading a book recounting the adventures of Wing Commander Douglas Bader. Hon. members will recall that this young officer lost both legs in a flying accident. Because of his indomitable spirit and contempt for defeat he insisted on remaining in the Royal Air Force where he became one of the great fighter pilots of the second world war. I need not mention that wonderful woman, Helen Keller, to emphasize the point I am trying to make that most of these people who suffer disabilities can, with the proper kind of training and assistance, be helped to a better life.

For this reason, Mr. Speaker, it is my opinion that this act should be considered in relation to an act we passed a few days ago called the Vocational Training Co-ordination Act. When I spoke to the committee concerning the Vocational Training Co-ordination Act on March 3 of this year I stated that in my opinion it was one of the most forward-looking pieces of legislation to come before the house at this session. I did so because the only really important section of that amending act was the introduction of the idea of a training program for the physically handicapped. It is to be known as schedule R. This too is a measure to be undertaken in co-operation with the provinces.

I would remind hon. members, Mr. Speaker, that training for physically disabled persons has been going on for about four years under a scheme sponsored by the Department of Labour with the blessing of the Department of National Health and Welfare. During this time under a different schedule—schedule M it was called—approximately 500 persons suffering various disabilities have been trained and have been found suitable and adequate employment. I am informed that over 80 per cent of those trained in that special group are satisfactorily rehabilitated.

From this small sampling our minds turn to the possibilities in a scheme of this kind. Not only will the public purse be saved tremendous sums which would otherwise be spent without apparent results, but there is reason to hope that thousands of our citizens can, by a combination of these two measures, be restored to participation and partnership in the business of developing this great country of ours.

This is a measure, Mr. Speaker, which I am sure—because it appeals to the best in our nature—will meet with approval in all sections of the country and in all parts of this house. It will demand on our part sympathetic understanding of the difficulties of those who are called upon to administer it. From their early efforts we shall learn much. I have no doubt that from time to time improvements will suggest themselves and that these will then receive the approval of this house.

Mr. J. W. Noseworthy (York Centre): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) presented the considered opinion of this group with regard to this particular bill. Notwithstanding the tirade levelled against us by the hon. member for Vancouver South (Mr. Philpott), we are still of the opinion that the improvements we suggested would make this bill a better one, and one which would be more acceptable and of greater assistance to the 25,000 or 30,000 people who will receive benefits from it.

As already indicated, we feel that it is much more logical to pattern this bill after the Blind Persons Act and to divide the cost on a 75-25 per cent basis instead of on a 50-50 basis than to pattern it after the Old Age Assistance Act. An additional $3 or $4 million would enable the federal government to pay 75 per cent of the cost of these benefits. I greatly doubt whether the minister would have had any difficulty whatever in getting the provinces to agree to that division. With that agreement other benefits could have been added to the act.

We regret the limitation on income. We have opposed the means test as it applies to the Blind Persons Act and to the Old Age Assistance Act and we oppose it as it applies to this particular act. I am not sure that the 25,000 or 30,000 people in this country who will be directly affected by this bill will find so much occasion to praise it as did the hon. member for Vancouver South.

It is to be regretted that politics should have been brought into the debate on a measure of this kind as was done during this evening's debate. Knowing the minister as I do and knowing him to be a great humanitarian I feel that he did himself an injustice by injecting into his introduction of this bill so much emphasis on the political aspect of it and by underestimating the humanitarian side of this particular issue. Notwithstanding that criticism I personally should like to congratulate the minister on having been able to sell even this package of goods to the treasury board. I know, as I think do other hon. members in this house, that if the minister had had his way this

measure would have been introduced long ago and that this measure would be an even better one than it is now.

Mr. Martin: Mr. Speaker, may I just indicate for the record, as I have already indicated or as I have tried to indicate today, that I am not the one in the government who should have the praise which my hon. friend is now extending to me. There was no need for pressing the treasury. The government as a whole, on the suggestion of the Prime Minister (Mr. St. Laurent), readily adopted the proposal which he made.

Mr. Noseworthy: The minister's modesty simply overwhelms me.

Mr. Fulton: And it is most unusual.

Mr. Noseworthy: I want to comment on the reference made by the minister to the work which his department has initiated for the rehabilitation of these crippled and disabled people. I should like to pay a special compliment to the work of the Department of Veterans Affairs at Sunnybrook hospital. I have had the opportunity of being in close touch with the work of that department as it applies to many veterans. They have certainly done a marvellous job. I am confident that there is as yet no comparable work being done in the way of rehabilitation by any other department. Anything that the Department of National Health and Welfare or any other department of government can learn from the good work which has been done by the Department of Veterans Affairs in the matter of rehabilitation will be all to the good. I sincerely trust that the minister will seek—as I know he will—to secure as liberal a definition as possible of "totally and permanently disabled".

In this chamber this afternoon reference was made to the Ontario act and to the definition used in that act. I have had considerable experience with that act. I have known a number of people, either permanently or totally disabled, who were unable to secure any benefits from that legislation. Even though doctors certified that they were incurable, that their disease was permanent, as long as they were not dependent upon someone else for the ordinary daily routine of life they were unable to get benefits. I certainly hope that under this act we can secure a definition of totally and permanently disabled that is more liberal than the one used in the Ontario legislation at the present time.

As I say, we shall support the bill. There are 25,000 or 30,000 people across Canada who have been waiting a long time for something of this nature. They will hail it with a great deal of delight. Even though there is a limitation on the income they may earn in addition to their $40, even though the $40 will provide them with a very bare subsistence, even though there is a gap between the 16-year-olds and the 18-year-olds, 25,000 to 30,000 people will be grateful that parliament is passing this measure. That same 25,000 or 30,000 people will look forward to the day when the Liberal government or some other government will bring about the improvements in the legislation that we in this group have suggested.

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I want to make a brief contribution to the discussion this evening largely arising out of certain remarks that have been made during the past hour or so. I think the hon. member for Vancouver-Kingsway (Mr. MacInnis) made an excellent contribution to the debate this evening in helping to bring it back into focus again. It more or less got off the track to a certain extent following the contribution of the hon. member for Vancouver South (Mr. Philpott).

In listening to various comments earlier in the discussion with respect to the introduction of disability pensions for the totally disabled, it seemed to me that there was general approval on all sides of the house. The sentiment was also expressed in all quarters of the house that the measure was long overdue. Since I became a member of the House of Commons one of the social welfare topics that has been discussed most frequently in various debates has been the pressing need to consider the special problem of our totally and permanently disabled citizens. At the time these discussions took place I wondered why the federal government had not taken action earlier.

As has already been indicated, this area has been pioneered by municipalities, provincial governments and voluntary groups such as the Canadian National Institute for the Blind. So far as I can see, what is happening now with the introduction of this measure is that the federal government is at long last acknowledging some financial responsibility. This is only as it should be. We know that the central government has tended to reserve to itself the more lucrative tax fields. Such being the case, it is only right that the dominion government should at this time accept some financial responsibility and come to the aid of the municipalities, the provincial governments and the voluntary groups who have had to cope with the challenge of this special social welfare problem. Somebody has been looking after these people. It goes without saying that the totally disabled have not been neglected completely. I know from personal experience that where no other

means of financial support have been available it has fallen upon municipal governments to provide from their inadequate tax resources a bare minimum of existence for these unfortunate people.

As the result of federal action in co-operation with the provincial governments the whole matter will now be co-ordinated and placed on a much sounder basis. I was interested in the interpretation that the hon. member for Vancouver South placed upon this measure. He regarded it as another milestone along the road to the welfare state. I am inclined to suggest that his social philosophy is somewhat out of date because, while it is true that during the early thirties it was accepted somewhat uncritically that the state should meet basic welfare needs, in more recent years there has been a considerable change in that viewpoint. Serious thinkers in the field have now come to the conclusion that the state cannot meet the demands of social welfare.

The state is a cold, remote governing body that certainly cannot get down to the intimate levels necessary to provide in the nation an adequate atmosphere of social welfare and social security. Therefore I do not regard the measure as another step forward to the mythical social welfare state. I regard it as merely a common-sense approach to a problem that has been with us from time immemorial, a problem that those with inadequate financial resources have attempted to cope with as best they could. All that the federal government is doing is opening its bountiful treasury and providing some financial assistance to meet a situation of real distress.

As I see it, that is all that the federal government can do with respect to meeting the demands of social welfare in the country. In the final analysis social welfare is the concern of the basic social institutions. The government is helpless if the family, the school and the church are not performing their functions. It is on that level that the real social needs are met, and modern social science is recognizing that principle. If this legislation is going to achieve the desired result in meeting the pressing demands of the totally disabled in an adequate way, it will depend upon the co-operation of the families.

The families still have responsibilities for the totally disabled. True enough, they will receive some financial assistance. As has been pointed out by every speaker, it would also depend upon the full co-operation of our technical schools, our vocational training schools, who are moving forward to embrace more adequate vocational rehabilitation programs. As has been pointed out, if we are going to really meet the situation the two must go hand in hand, the financial provision must work very closely with adequate rehabilitation services.

Every rehabilitation case has to be measured on its own merits, has to be thoroughly evaluated by rehabilitation counsellors. If you try the shotgun approach to the problem and spread certain moneys over a large area without any attempt to meet the individual need then, of course, the second state is worse than the first. If we are really going to meet the basic social welfare need, it will depend upon successful operation and functioning of these basic social institutions. Included in the group, of course, are the local community groups or neighbourhood groups. No one can feel he is surrounded by an atmosphere of social security unless he is living in a situation that provides this intimate person-to-person relationship, and that cannot be provided from a remote set-up but by the intimate, warm and personal contact of your local neighbourhood groups.

I feel, Mr. Speaker, that this measure will assist to a considerable extent in making it possible for these basic social institutions, these local groups, to deal with the problem with which they have already been trying to cope—with inadequate financial resources. Now that they have this assistance we should see a real improvement in meeting this problem.

Mr. W. H. McMillan (Welland): In rising to support this bill, Mr. Speaker, I want to pay tribute to the Prime Minister (Mr. St. Laurent) who late last summer announced a decision to help these unfortunate Canadians who are totally and permanently disabled. This decision on the part of the Prime Minister indicates to me his great humanitarianism. I should like to congratulate the Minister of National Health and Welfare (Mr. Martin) for bringing forward this legislation at this time. In spite of what the opposition has said about the bill he should get a great deal of satisfaction from bringing forward this further measure of social security. The fact remains that no matter who tries to take credit for this bill, he introduced it.

I may say that I have had many representations from the totally and permanently disabled. I have seen a number of them in my practice. It is sad to see these people dependent on other people for a livelihood. From now on they will get some help, will have some income and will not be so dependent upon relatives, agencies or people in the neighbourhood. Many of us heard an excellent lecture a week ago on anterior poliomyelitis, commonly known as infantile paralysis,

as one of the causes of permanent disability. It is not as frequent as some other causes. In fact the total number of cases of permanent disability is a very small percentage of the total number of cases. It is true that many have residual paralysis, and they may have it for a long time or may have it for a lifetime. They get some relief through improvement and some relief from mechanical means.

The minister, I believe, mentioned some of the diseases causing permanent and total disability. He mentioned disseminated sclerosis, progressive muscular atrophy, rheumatoid arthritis. We have also different congenital anomalies and one very common cause of which we are getting a number of cases in recent years is the result of highway accidents. Many victims receive severe brain and spinal cord injuries that are irreparable. We think it is up to the provinces to cut down accidents on the highways, and some of the provinces are doing a great deal in this respect. Many of these people are in hospitals for months, even years. Some of them are an expense to the municipalities and the provinces concerned.

These pensions are being awarded on a matching basis between the federal government and the provinces. I feel it is well that is so because the question of permanent disability is linked with rehabilitation, which is a joint responsibility of the federal and provincial governments. I agree with the minister and the hon. member for Lanark (Mr. Blair) that it will be difficult to get a proper definition for permanent and total disability. With the modern advances in therapy and in rehabilitation, a person who ten years ago might have been considered totally and permanently disabled might not be considered so today. I would hope that in the interpretation of this act generous consideration will be given so that all deserving cases will get a pension.

Mr. Colin Cameron (Nanaimo): I had not intended to take part in this debate, Mr. Speaker, but as a British Columbian I feel I have to do so after having listened to the hon. member for Vancouver South (Mr. Philpott). I have observed with considerable interest, in fact great interest, ever since I came here last November, the unrelieved relish that the hon. member displays for the taste of the polish on the shoes of the Liberal ministry. But today, I think he exceeded himself. If the Minister of National Health and Welfare (Mr. Martin)—I was going to say displayed but of course that would not be displaying—had even simulated a certain modest diffidence, none of this would have occurred. Naturally, when he strides before the house as the harbinger of all good things to the people of Canada, when he takes all the credit for this very mediocre piece of legislation, when he denies credit to those who were advocating it while he was opposing it, then naturally he is going to get a kick-back. Naturally, those who feel that this is a great piece of unfairness are going to be rather savage in their return.

Then, of course, that brings us to the position of that great champion of the Liberal party, the hon. member for Vancouver South. I am not going to recite, as I could do, all the various turns and changes of this political chameleon. I remember, however, an occasion when in his column he defended the election of a very well known communist in British Columbia, the leader of the Labour-Progressive party, Nigel Morgan. The hon. member in his column advocated that this gentleman should be elected to the legislature.

I also recall that there was a time when he was going to be barred from the radio because of his subversive utterances. And who was it who came to his rescue? Well, curiously enough—and most misguidedly now, it appears—it was the hon. member for Rosetown-Biggar (Mr. Coldwell) who insisted that the hon. gentleman who is now the representative in this House of Commons for Vancouver South should be accorded freedom of speech, and even after today I am sure that the hon. member for Rosetown-Biggar, and all those who sit with him, would still demand that the hon. member for Vancouver South should have complete freedom of speech—even though he uses that freedom in such a strange way.

An hon. Member: But look what he does for us.

Mr. Cameron (Nanaimo): Yes, definitely, he does a lot for us. But when we are told that we should greet today as a day of great joy because, after incessant prodding by people outside the Liberal party, and after incessant prodding from organizations all over Canada, the government finally and reluctantly brings in a most inadequate measure to deal with the present social problem; I say that when the hon. member for Vancouver South suggests that we should greet this even with loud hosannas in this day and age, then I begin to wonder about this freedom of speech, and whether it should not be coupled with a certain measure of intelligence. I have heard the hon. gentleman reach a number of milestones on the way to the new Jerusalem since I came here to the House of Commons. Sometimes I think it is another

kind of milestone, one we are told in the Scriptures which paved the road to other places.

This measure has been introduced, and the party to which I belong is prepared to support it. However it is not prepared to turn handsprings of delight. It is not prepared to pretend that this is an adequate measure. It is not prepared to pretend that it is an indication of public-spiritedness on the part of the government; because it is very obvious that all that has happened here today is what has happened time and again since this very party assumed power in Canada; when pressure becomes irresistible, then finally they move. When they move they demand tremendous credit and accolades for having moved in the face of irresistible pressure. I suppose we are always going to have that sort of thing here, because we have in the party across the way a curious heterogeneous mixture. In fact, when I was listening to the hon. member for Vancouver South I was reminded of the story of the chameleon that was placed on a piece of tartan, and that blew up and bust. Certainly the Liberal party today represents a strange hodge-podge. It has at least a checkerboard effect that may well result in that unhappy end for the hon. member for Vancouver South.

We have here a bill about which we know very little. All we have before us is an outline of a bill. We do not know the most important aspect of this legislation. We do not know what is going to be the interpretation of the term "totally disabled", because that will be decided by regulation. Presumably it will be decided by that great and good cabinet, possibly speaking through the mouth of an inspired Minister of National Health and Welfare.

We do not know yet who in Canada will be covered by this legislation. All we know is that whoever they are they will be covered inadequately, after a long period of waiting, in which organizations and people throughout Canada have been appealing in the past to this government to take some action.

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, I shall not speak at length on this measure for the very good reason that I have already expressed my opinion on several occasions in the House of Commons as to the necessity for having pensions for disabled persons. Secondly, I do not think at this stage of the session we should have long debates. I believe they should be avoided if possible.

However I cannot let this opportunity pass to hail this great forward step in our program of social security. I was listening to the hon. member for Winnipeg North Centre (Mr. Knowles) a little while ago when he said that he sat on the joint committee of the House of Commons and the Senate which looked into this matter of social security in the year 1950. I sat with the hon. member on that committee, and at that time we worked in harmony. Therefore I am surprised by the lack of harmony in this debate.

I was sure our friends on the other side of the house, particularly hon. members in the C.C.F., would congratulate the Minister of National Health and Welfare (Mr. Martin) upon the legislation he has introduced, and would support it unstintingly. But there is not even harmony among members of the C.C.F. The hon. member for Winnipeg North Centre said, "We welcome this legislation." That was the first speech for that party made in this debate. But the reaction of that party to this legislation has been deteriorating throughout the debate, to the point where we now hear the hon. member for Nanaimo (Mr. Cameron) describing the legislation as very inadequate and very mediocre.

I suggest that those in the opposition who reproach members on this side of the house for injecting politics into the debate should look to their own side before throwing reproaches like that at this side. Because when I hear members in the opposition describing this legislation as very mediocre, then they are certainly playing politics in a very important matter, a matter which is very important to the people of Canada, and a matter with which no one should play politics.

Mr. Cameron (Nanaimo): Would the hon. member permit a question? Would he say that this legislation is adequate?

Mr. Cannon: I would say that it is certainly adequate under the circumstances—and that is the next point I will come to. I agree with the opposition that it will be important to define clearly what is meant by total disability. I realize there will be certain difficulty raised for members of parliament who will have to cope with constituents who claim that they are totally disabled when, in fact, they may not be completely covered by the definition which will be given.

But I do say in all sincerity that under the circumstances, when we consider the very heavy burden our country has to carry in taxes for national defence, and when we consider the fact that we have had to support the Korean war, and that nearly half our budget is turned over for national defence, we must be convinced that this is adequate legislation, indeed. And we should be very proud of it. Sincere congratulations are due the Prime Minister (Mr. St. Laurent)

and the Minister of National Health and Welfare for having introduced this legislation.

Mr. Speaker: Order. Do I understand the hon. member is prepared to move the adjournment of the debate, or has he completed his speech?

Mr. Cannon: I had practically finished.

Mr. Speaker: Would hon. members consent to his carrying on for a minute or so?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Knowles: One minute.

Mr. Cannon: One minute—and I thank the hon. member for Winnipeg North Centre for giving me a minute. It is very generous of him, and I shall try to finish my remarks in that time. Let me, in concluding, congratulate the minister and tell him that all fair-minded members in the House of Commons will support his legislation wholeheartedly.

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

Mr. Martin: Could we not have second reading tonight? I do not think there are more speakers.

Mr. Fulton: I move the adjournment of the debate.

On motion of Mr. Fulton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Green: May we have the business for tomorrow?

Mr. Harris: If I may be permitted to speak from this side of the house, tomorrow we shall begin with the amendments to the Bank of Canada Act, amendments to the act with respect to the savings banks of the province of Quebec; second reading of the bill with respect to the superannuation of government employees transferred to crown corporations; an act with respect to war service grants and second reading of Bill No. 393, to amend the Atomic Energy Control Act and second reading of Bill No. 460, to amend the International Rapids Power Development Act.

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

HOUSE OF COMMONS

Wednesday, June 2, 1954

The house met at eleven o'clock.

AGRICULTURE AND COLONIZATION

SECOND REPORT OF STANDING COMMITTEE

Mr. Rene N. Jutras (Provencher) presented the second report of the standing committee on agriculture and colonization.

Mr. Speaker: I am informed that this report is a rather lengthy one and that it is not proposed to move concurrence this day. Shall the deputy clerk therefore dispense with the reading of this report?

Some hon. Members: Dispense.

Mr. Speaker: Agreed.

HOUSE OF COMMONS

APPROVAL OF CIVIL SERVICE COMMISSION REPORT

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the house will have noted that yesterday Your Honour tabled a report with respect to certain civil service appointments on the staff of the house. By leave of the house, I wish to move that the report of the civil service commission respecting the organization of the staff of the House of Commons laid on the table on Tuesday, June 1, 1954, be now approved.

Motion agreed to.

QUESTIONS

DEFENCE PRODUCTION—AERIAL CAMERAS PURCHASED

Mr. Lennard:

1. How many aerial cameras were purchased by the Department of Defence Production from January 1, 1952 to December 31, 1953, and what was the total value?
2. How many aerial cameras were contracted for during the period from January 1, to April 30, 1954, and what was the total value?

Mr. Dickey:

1. (a) 34; (b) $156,245.90.

2. Nil.

SHAUGHNESSY HOSPITAL—FISH PURCHASES

Mr. Green:

1. From what firms have purchases of fish been made for Shaughnessy hospital in Vancouver, British Columbia, during the last two years?
2. What amounts have been paid or are payable to the respective firms for such purchases?

Mr. Bennett:

1. Seaport Crown Fish Co. Ltd., Ft. of Campbell Ave., Vancouver 4, B.C.; Kelly Douglas Co. Ltd., 3700 Kingsway, Vancouver, B.C.; W. H. Malkin Co. Ltd., 57 Water St., Vancouver 4, B.C.

2.	Fiscal Year 1952-53	Fiscal Year 1953-54
Seaport Crown Fish Co. Ltd.	$14,816.80	$13,288.18
Kelly Douglas Co. Ltd. (Canned fish various varieties)	222.30	139.03
W. H. Malkin Co. Ltd. (Canned fish various varieties)	117.60	Nil

TORONTO MEAT PACKERS—SUSPENSIONS

Mr. Hodgson:

1. Were the licenses of the three Toronto meat packing firms, William Puddy Beef; L. Goldman and Son; and Industrial Packers, temporarily suspended? If so, when?
2. For what reason?
3. Were details of such infractions of the meat packing law turned over to the mounted police? If so, on what date?
4. Have these firms been allowed to resume operations? If so, on what date?

Mr. McCubbin:

1 and 2. The firms listed do not operate under any federal license. The provision of beef grading service for these firms was temporarily suspended on varying dates from February 24 to 26, 1954, pending preliminary investigation of suspected irregularities in grade branding.

3. Yes. March 8, 1954.

4. The grading of beef under federal regulations is voluntary and the temporary suspension of this service to these firms did not involve any discontinuance of plant operations. Grading service was resumed for the three firms on March 1, 1954.

IMMIGRATION—BOARDS OF INQUIRY

Mr. Gagnon:

1. How many cases have been considered by boards of inquiry of the immigration branch since January 1, 1952?
2. What were the names of the persons involved?
3. Which were allowed to remain in Canada?
4. Which were deported and for what reason?

He said: Mr. Speaker, may I ask that this question be dropped in order that it may be reworded?

Mr. Speaker: Question No. 12 dropped.

VETERANS LAND ACT, NOVA SCOTIA

Mr. Balcom:

1. How many veterans have been settled under the Veterans Land Act in Nova Scotia as full time farmers?
2. How many veterans have been settled under the Veterans Land Act in Nova Scotia as small holders?
3. What is the total of advances in Nova Scotia under the Veterans Land Act since its inception?
4. How many veterans are in arrears to the extent of $100 or more, as (a) full time farmers; (b) small holders?

Mr. Bennett:

Return at March 31, 1954:

1. 585.
2. 1,605.
3. $9,823,654.46.
4. (a) 29; (b) 10.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEPARTMENTAL VOTES—TRANSFERS, ETC.

Mr. Starr:

1. (a) In what departments or corporate bodies of the federal government, or boards or councils established under any act of the federal government, were unspent allotments of money transferred to purchase, holding, special fund or other accounts in each of the fiscal years ending March 31, 1949, to March 31, 1954, inclusive? (b) What to date were the transfers in each case, giving date, amount and authority under which transfers of unspent money were made? (c) What was the total to the credit of each of the above accounts as of March 31, 1954?
2. In how many cases, giving department vote number, and total amount of money involved in each case, were executive orders issued in each of the fiscal years ending March 31, 1949, to March 31, 1954, inclusive, temporarily or otherwise, supplementing votes of money by parliament?
3. What cheques totalling $100,000 or over, giving date of issue, date cashed, specific amount, to whom issued, and indicating whether it was a direct payment or in trust for payment, were issued in the months of March, April or May in each of the years 1949 to 1953, inclusive, and March or April 1954, covering payment for goods or services not at the time delivered or completed, or the purchase of property for the conveyance of which deeds were not completed before the close of the fiscal year?

Mr. Benidickson: Return tabled.

COMPANY DIRECTORS

Mr. Knowles:

1. Who are the directors of (a) Dominion Brake Shoe Company Limited; (b) Monsarrat Machinery and Foundries Limited; (c) Smiths Falls Malleable Casting Company?
2. Are any of the above directors members of the board of directors of the Canadian National Railways? If so, which ones?

[Mr. Gagnon.]

LABOUR CONDITIONS

NEGOTIATIONS BETWEEN RAILWAYS AND NON-OPERATING UNIONS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, in answer to the question asked yesterday by the Leader of the Opposition, may I say that there is no legislation whereby the Minister of Labour may impose arbitration upon the two parties involved in the railway dispute to which he referred.

[*Later:*]

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, as a supplementary question to the answer given by the Minister of Labour, may I ask him if the answer he has given means that the government has no intention of appointing any board or commission under any available legislation for the purpose of conducting inquiries which would have the effect of providing a basis for examination of the wage structure?

Mr. Gregg: In response to that question, Mr. Speaker, I beg to tell the Leader of the Opposition that I do not propose to try to anticipate what decision will be reached by the employees of the railways in the vote on a strike which they are to take and which is coming off this summer.

Mr. Drew: Mr. Speaker, I have a supplementary question. Does the minister not recognize that I was asking a question directed to action of the government and whether it is the intention of the government, under existing legislation such as the Inquiries Act, for instance, to appoint any board or commission which would inquire into this subject for the purpose of examining the wage structure, recognizing the problem with which we are now confronted?

Mr. Gregg: If the Leader of the Opposition refers to the situation as it exists today, the answer is no.

NATIONAL PARKS

BANFF—REPORTED DESTRUCTION OF FISH BELOW POWER PLANT

On the orders of the day:

Mr. C. E. Johnston (Bow River): In the absence of the Minister of Northern Affairs and National Resources (Mr. Lesage), Mr. Speaker, I should like to state this question. Then he can be prepared to answer it the next day he comes into the house. About two weeks ago I asked the minister a question concerning the destruction of fish in the channel below the Calgary power turbine

plant at Anthracite. At that time the minister stated that he was investigating that case and would make a report later. I wonder whether he would look into the matter again and make a report concerning it?

TRADE

CONVERTIBILITY OF STERLING—REQUEST FOR FURTHER STATEMENT

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I should like to address a question to the Minister of Finance of which I have given him notice. In view of the apparent unlikelihood of the United States making substantial progress toward liberalizing the terms of trade this year, does the minister feel disposed to alter the somewhat optimistic statement he made on his return from Australia as to the approach of convertibility of sterling.

Hon. Douglas Abbott (Minister of Finance): I can only answer my hon. friend's question by saying that the fears which were expressed in that question are not sufficient to dampen the customary optimism of the Minister of Finance.

TURKEYS—IMPORTATIONS FROM THE UNITED STATES

On the orders of the day:

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, some days ago the hon. member for New Westminster asked a question concerning the importation of turkeys into Canada and asked whether representations had been received concerning these importations. I told him I had received representations from Senator Reid and a number of others and promised to look into the matter and give him an answer later.

As I indicated at that time, I have received a number of representations on behalf of British Columbia producers and others. They asked that the tariff on dressed turkeys be raised against imports from the United States. During the last Christmas season, when imports of dressed turkeys from the United States were heavy, the 12½ per cent most-favoured-nation tariff under tariff item 9 resulted in a duty of approximately 6½ cents per pound. The corresponding American tariff is 10 cents per pound as applied to dressed turkeys and 2 cents per pound applied to live turkeys. The Canadian tariff on live turkeys is approximately 5 cents per pound or more than twice as high as the corresponding American tariff.

To meet the requests of turkey breeders to withdraw the concession under tariff item 9, by which the rate was lowered from 17½ per cent to 12½ per cent under the general agreement on tariffs and trade, might result in a demand by American turkey producers for an increase in the American tariff on live turkeys. Since the end of the war the American market for live turkeys has been most important to Canadian turkey breeders. Although it is true that in the last few years our exports of turkeys have declined, I would think it unwise to jeopardize our potential share of this market by raising our tariff. However, the representations we have received about the tariff on turkey imports will be thoroughly considered when all our tariff concessions are being studied prior to the review session of GATT.

[*Later:*]

Mr. A. W. Stuart (Charlotte): I should like to direct a question to the Minister of Finance in connection with a statement he made concerning the importation of turkeys into Canada. Is the minister aware of the fact that the United States turkeys imported into Canada during the last Christmas season, and which were being sold for 80 cents a pound in Canada, could be purchased by the retail trade in the United States for 65 cents?

Mr. Abbott: I was not aware of that.

GRANTING OF EXPORT PERMITS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce regarding export permits. When an export permit is granted is the price per unit at which the commodity is to be sold abroad set out in the permit?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The answer is no.

NATIONAL DEFENCE

REFERENCE TO STATEMENT BY COMMODORE ADAMS

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, may I ask the Minister of National Defence if he is ready to give me an answer to the question I asked last Friday with regard to a statement made by Commodore K. F. Adams?

Inquiries of the Ministry

(Translation):

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, last Friday, the hon. member for Quebec West (Mr. Dufresne) asked two questions. The first is as follows:

In a press conference given in Quebec city on Thursday, May 27, was Commodore K. F. Adams, on this occasion, expressing the policy of the government?

The answer to that question is that only members of the government express the policy of the government.

The second question was:

If not, will disciplinary action be taken against this officer for making statements so absurd and ridiculous?

It is recognized by all that the speed of modern warfare and the absolute necessity of immediate communications make it essential that in the case of a sea or air battle orders between major formations be given in one language only. By virtue of an agreement among the NATO countries the language in which orders are given is the English language. It is in the light of these facts that we must consider the interview granted by Commodore Adams in answer to questions asked by some newspapermen. In answer to my request for information, his superiors stated that he did not intend to add anything else, but, even though wrong answers were not reproduced literally in the press, they have, in a certain way, left a wrong impression. Consequently, I have given instructions to have this fact brought to the attention of the officer concerned.

Mr. Dufresne: Mr. Speaker, I would like to ask a supplementary question of the minister?

Does the hon. minister mean, in the answer he just gave to my second question, that he fully endorses the remarks made by Commodore Adams at this press conference of May 27 last?

Mr. Claxton: Mr. Speaker, I have had reports of these interviews from four newspapers; they are all different, and I think that if the hon. member will refer to the one published in the Quebec *Chronicle-Telegraph,* he will find a rather accurate report of what this officer said.

(Text):

WATER POLLUTION

DISCHARGE OF OIL BY VESSELS OPERATING ON LAKE ONTARIO

On the orders of the day:

Mr. A. J. P. Cameron (High Park): I should like to direct a question to the Minister of Transport. Has the minister any information regarding the alleged discharge by vessels in lake Ontario of oil, causing extensive oil slicks along the waterfront adjoining Toronto, which seriously interferes with beach rights and otherwise causes substantial property damage and annoyance to the owners? Further, have any representations or discussions taken place between the Canadian and United States authorities in regard to the controlling of such discharges and minimizing the damage?

Hon. Lionel Chevrier (Minister of Transport): I thank the hon. member for having sent me notice of his question. There is no recent information on the pollution of waters in or near Toronto so far as the Department of Transport is concerned. I must add, however, that there have been a number of serious complaints in the past, and I think my colleague, the Secretary of State for External Affairs, has also received such complaints, as a result of which the Canadian government jointly with the United States government referred the matter of pollution of the waters of lakes Superior, Erie and Huron, I believe, to the international joint commission for study. An interim report has been received from the commission but it did not cover lake Ontario as far east as Toronto. I am informed that the reference has now been amended to include lake Ontario.

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question also has to do with the matter of pollution. I should like to ask the Prime Minister whether or not he has received representations from one or other of the premiers of the provinces asking for the convening of a gathering of federal authorities and provincial ministers with a view to discussing the serious problem of pollution, particularly in interprovincial rivers and lakes, for the purpose of arriving at some co-operative policy to meet conditions such as prevailed recently on the North Saskatchewan river?

Right Hon. L. S. St. Laurent (Prime Minister): Yes, Mr. Speaker, there was a letter from the premier of Saskatchewan to which I replied. Having had no notice of the hon. member's question, I have not got the letter and the reply before me at the moment. As I remember it, the premier seemed to be impressed with the desirability of arrangements being made whereby the kind of situation that, unfortunately, now exists in certain parts of the eastern provinces will not be

reproduced in the western provinces in the process of their industrial development. There was a suggestion that the federal government should invite representatives of the governments of the prairie provinces to meet with it to discuss the matter.

I replied expressing the view that I thought, initially at least, it would be preferable if the premier of Saskatchewan would himself approach the premiers of Alberta and Manitoba to ascertain their views as to the desirability of that kind of meeting. I said that the federal authorities would be glad to sit in, but I felt that we should be very careful not to do anything that might carry the implication that we felt we had some sort of controlling authority over them in the determination of matters which were of provincial concern. I pointed out that at the present time we were not considering federal legislation with respect to river pollution because it would have to be legislation that would apply to the whole of Canada generally. I pointed out that what might be regarded as sufficient protection, something that would prevent the discharge of waste in running streams, would create an almost chaotic situation in the east where that was being done, as he knew, in a great many places, and that if something were to be arranged along the lines of the body that advises on the conservation of water on the eastern slope of the Rockies that was something that would be of joint provincial concern. I thought it would be preferable to approach it in a spirit of attempting to secure the kind of co-operation that would be of benefit to the whole region rather than have, at the request of one premier, something that might appear to be a summons from the federal authority to come down and discuss the manner in which they should attempt to provide against future embarrassments in that connection.

I do not remember having received any further letter from the premier of Saskatchewan since I wrote to him along those lines.

Mr. Diefenbaker: I want to thank the Prime Minister, and ask him this question. In view of the fact this pollution problem affects rivers and lakes in all parts of our country, does he not feel that some sort of conference with all the provinces, and at least convened by the dominion, would do something to meet a situation that is becoming more serious year by year?

Mr. St. Laurent: I think my views coincide rather closely with those of the hon. gentleman but the most difficult problem that exists between the federal authority and the provincial authorities is to find some, if not permanent, attempt at a long time solution of fiscal policies. Desirable as co-operation might be in respect of the other matter, I am afraid it would be difficult to get genuine co-operation in these other matters until we have been able to arrive at something that will remove the present feelings in some parts of Canada about satisfactory fiscal arrangements between federal and provincial authorities.

HOUSING

OIL BURNING EQUIPMENT—POLICY OF CENTRAL MORTGAGE AND HOUSING CORPORATION

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I direct a question to the Acting Minister of Public Works? I sent him information concerning the background of the question. Is there any provision in the National Housing Act, either by regulation or by directive, that compels those building under the act to instal oil burning systems?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): I wish to thank my hon. friend for having given me notice of his question. The answer is as follows: The suggestion that Central Mortgage and Housing Corporation gives oil burning equipment preferred treatment over coal burning equipment under the National Housing Act is not correct. The function of the corporation under the new act is to determine the value for lending purposes of a proposed house. In determining the value the corporation takes into account not only the land and structure but as well the equipment that is to be placed in the house. The equipment is selected by the borrower and Central Mortgage and Housing Corporation determines the loan value on the basis of the value or cost of the equipment without discrimination as to the type of fuel to be used.

GRAIN

ALLOCATION OF FREIGHT CARS—INQUIRY AS TO QUOTAS

On the orders of the day:

Mr. Solon E. Low (Peace River): Will the Minister of Trade and Commerce ask the wheat board and the transport controller to take a careful look at the grain transport situation in the Peace river country, with a view to supplying the area with a fair share of available shipping space. I am advised that there are points in the country from which not one single car has been shipped in well over a month.

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Trade and Commerce): The purpose of the wheat board and of the transport controller is to make sure that every producer has a delivery quota equal to every other producer's. I shall call the attention of the transport controller to the situation in the Peace river area, but the explanation may be that certain areas there have shipped out their full quota and are not entitled to more cars until such time as the quota is raised.

Mr. Coldwell: May I ask a supplementary question? Is the minister aware there are points on the prairies where the farmers have not been able to deliver their five-bushel quota? I drew the attention of the transport controller to this situation and I expect it will receive his usual prompt attention.

Mr. Howe (Port Arthur): I doubt if that situation will obtain beyond the end of this week. There is a very heavy movement from the country at the present time, and it is expected that a heavy movement of grain will continue throughout the month. We expect to take delivery of the full five-bushel quota; we expect that very shortly most points on the prairies will have their quotas increased if they have not already been allotted an increase beyond the five bushels.

PORK

INQUIRY AS TO EXPORT TO RUSSIA

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): In view of the uncertainty that still exists, despite the answers given by the different departments, about the export of pork products, can the Prime Minister give me any information as to conditions under which pork was sold to the Russian government for less than it was sold to the Canadian public?

Right Hon. L. S. St. Laurent (Prime Minister): I do not know of any sale of pork to the Russian government. I am not in a position to supply any additional information.

Mr. Rowe: I should like to ask a supplementary question. Were there any special conditions in the tenders that were given out by the government as to whether the pork had to be exported outside the North American continent?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The transaction referred to was not a transaction between the government of Canada and the Russian government. It was a transaction between the private trade and the Russian government. I understand that the conditions of sale to the private trade, which were arranged some time ago, were that the particular product would be sold outside Canada and therefore the trade were privileged to sell it to the Russian government or anyone else.

Mr. Rowe: In any such export do the exporters not have to get a permit to export to Russia?

Mr. Howe (Port Arthur): Yes, an area permit was given. Meat is not on the strategic list of commodities and therefore a permit was granted without question.

Mr. Rowe: Might I ask the minister if they did get a permit?

Mr. Howe (Port Arthur): They did, of course.

Mr. Rowe: Does the minister not think that is a subsidization of the Russian government when the sale was made at less than the price in Canada?

Mr. Howe (Port Arthur): I suggest that the trade were free to sell the pork at that price or any price they liked to any government. It was their pork.

Mr. Rowe: I just have one more question.

Some hon. Members: Oh, oh.

Mr. Rowe: I know my hon. friends do not like the question. In view of the fact that the pork is now all sold, can the minister tell the house how much money the Canadian government lost in that pork deal?

Hon. Douglas Abbott (Minister of Finance): I announced that when I brought down my budget.

Mr. Rowe: It was not all sold at that time, Mr. Speaker. I submit, in fairness, the pork was not sold at that time.

Mr. Abbott: It is all in my budget speech.

(Translation):

WATER POLLUTION

ST. CHARLES AND LAIRET RIVERS—INTERVIEW BY QUEBEC AUTHORITIES

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, would the Prime Minister be kind enough to tell me if he received, recently, from the municipal authorities of Quebec city and more particularly from the mayor of Quebec a request for an interview for the purpose of dealing with the question, ever important for Quebec, of the St. Charles and the Lairet rivers. If so, would he tell me if that interview will take place soon?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not recall having received such a request and there is no intention, at the present time, of having an interview to discuss the question of the St. Charles and Lairet rivers, with regard to which I have expressed, on many occasions, the opinion that it was not a federal responsibility.

(Text):

BANK OF CANADA ACT

AMENDMENTS RESPECTING MANAGEMENT, EXCHANGE, TO PERMIT SHORT TERM LOANS ON INSURED MORTGAGES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider Bill No. 297, to amend the Bank of Canada Act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

The Chairman: This bill was considered and reported by the committee on banking and commerce.

On clause 1—*Definitions.*

The Chairman: Shall clause 1 carry?

Mr. Macdonnell: Will the minister make some general comment?

Mr. Abbott: Mr. Chairman, perhaps I should say a word, although there is not much I can add to the statement I made in the debate on second reading. This is the first time the Bank of Canada Act has been revised for some years. A number of technical, routine and drafting changes were made. The principal changes in policy, which I indicated in my speech on second reading, were a provision enabling the Bank of Canada to vary cash reserves of the commercial banks between 8 per cent and 12 per cent, on the conditions set out in the act. Then, there were certain changes with respect to the investment powers of the bank, and certain changes with respect to its pension fund; such provisions as an increase in the maximum remuneration to be paid to the directors, because of the fact that we now have ten provinces instead of nine, as there were when the act was brought into force. Other than that, I do not think there are any substantial proposals.

The measure was carefully studied in the committee on banking and commerce, and I must repeat what I said in connection with the Bank Act, that I appreciate warmly the careful attention given to this matter by all members in the committee in connection with both the provisions of this bill and those of the Bank Act.

Mr. Macdonnell: As the minister has said, this bill received careful attention in committee. There were before the committee the minister himself, the deputy minister, the governor of the Bank of Canada and the inspector general of the chartered banks. So far as I am concerned, I feel the matter has been very carefully gone into, and any comments I shall have to make will be reserved until we reach the appropriate sections.

Mr. Low: I would like to say only a word, Mr. Chairman, although it is not my intention on this first clause to make any extended speech or criticism.

We attended very carefully to the discussion on this bill as it went through the committee. I believe we gave it a most careful study, certainly the most careful of which we were capable. We did have some suggestions for amendments to one of the sections, but we will reserve our comment on the bill until we reach the section concerned.

I would add only this, that I think every aspect of the Bank of Canada Act was carefully scrutinized by the committee, and if anything has been overlooked it certainly would be something of very little consequence. I believe the act, as we now have it before us, is a good one. And, with the exception of the one small matter to which I have referred, I do believe there is very little that could be improved in it.

Clause agreed to.

Clauses 2 to 9 inclusive agreed to.

On clause 10—*Reserve.*

Mr. Macdonnell: Mr. Chairman, clause 10 now reads:

> The bank shall maintain a reserve against its outstanding notes and deposit liabilities consisting of its holdings of gold coin and bullion and foreign exchange, and the amount of the reserve held in the form of gold coin and bullion shall always be not less than twenty-five per cent of the outstanding notes and deposit liabilities of the bank.

Perhaps I should have pointed out that what I have been reading is section 23 of the original act as it is dealt with in clause 10 of the amending bill.

I would draw the attention of the committee to the fact that this reference to the gold coverage is entirely negatived in section 25 of the Currency, Mint and Exchange Fund Act, which reads as follows:

> 25. (1) Notwithstanding section 23 of the Bank of Canada Act, the Bank of Canada is not, unless the governor in council otherwise prescribes, required to maintain a minimum or fixed reserve ratio of gold or foreign exchange to its liabilities.

I suggest that, purely as a matter of draftsmanship, it is not sound to have that definite statement made in the Bank of Canada Act

while, in another act, it is rendered practically nugatory. I therefore move, seconded by the hon. member for Prince Edward-Lennox:

That clause 10 of Bill 297 be amended by inserting at the end of line 5 on page 9 a comma and the words "subject to section 25 of the Currency, Mint and Exchange Fund Act and subsection (3) of this section."

Mr. Abbott: My hon. friend moved a somewhat similar amendment in the committee on banking and commerce, and I was reluctant to accept it at that time because, without any notice of the hon. member's intention to offer the amendment, I was uncertain what the exact effect of it would be on this and other acts.

However, following the meetings of the committee on banking and commerce I have had an opportunity to consider it, and I can see no objection to the amendment now offered. I shall be very happy, therefore, to accept it.

Amendment agreed to.

The Chairman: Shall the clause as amended carry?

Mr. Macdonnell: No, I have another amendment. While I assure the minister it is just as worthy of his concurrence as the one I have just moved, I am not equally sure that it will receive his concurrence.

We have just passed an amendment dealing with the gold reserve clause, which means that the gold reserve clause is practically as if it did not exist. It is somewhat of a puzzle to me why it was left in there at all, in view of the changes in our thinking on money questions which have taken place since the passage of the Bank of Canada Act. It is left in I think as a concession to the past. For a long time, of course, it was regarded as essential. In a way it seems to me that to leave it in there is like a concession to one's grandmother: One does not smoke, perhaps, when she is around. I can explain it only as a kind of concession to good financing manners of the past. I want to make some comments because I do regard it as a matter of very considerable importance, and I hope that I may be fortunate enough, even if this amendment is not carried this morning, to interest people in it and to convince them that it is a matter of great importance.

We are all aware of course that it is only a short time since gold was considered an absolutely necessary backing to currency. I should like to read briefly from our own legislation, the Dominion Notes Act, chapter 41 of the statutes of 1927, which I believe was effective until 1933. This is what it says:

5. The Minister of Finance shall always hold as security for the redemption of dominion notes up to and including fifty million dollars, issued and outstanding at any one time, an amount equal to not less than twenty-five per centum of the amount of such notes in gold.

Subsection 2 reads:

As security for the redemption of dominion notes issued in excess of fifty million dollars, the minister shall hold an amount in gold equal to such excess.

And again from the Bank Act, which is chapter 12 of the Revised Statutes of 1927, section 136 reads:

Every bank which at any time holds in dominion notes less than forty per cent of the cash reserves which it has in Canada shall incur a penalty of five hundred dollars for each such offence.

Therefore we had a situation where the banks were forced to keep a large percentage of dominion notes in their hands, and where dominion notes were heavily backed in gold.

It is hard to believe that so short a time ago paper money was regarded with suspicion. We know that originally, when notes were issued, they were issued against a large percentage of actual commodities held by banks, and if a bank issued notes beyond their capacity to redeem them in commodities they did so at their peril; at any moment they might be called on to redeem the notes in a valuable commodity, usually gold. Though we seem to have passed beyond that, and many people regard that as almost prehistoric thinking, there are competent people, and by "competent people" I mean people with just as good brains as ours, who study the matter carefully, and who not only believe strongly in the gold standard, but believe that we are in great peril since we abandoned it.

I remember reading a symposium not long ago where distinguished advocates of both views were present. I was in great difficulty because when I read the views that were in favour of gold I was absolutely convinced by them, and when I read those that were against gold I was absolutely convinced by them. At the end I felt I had a kind of split personality. In any event, we have abandoned gold, and I am not standing up today to suggest that there should be any return to that at all. I am accepting the fact that we have managed money, but I am saying that managed money still leaves certain questions, and that it is very important now to inquire into the method of the management. I hope to show the committee that by the progress of events of the last twenty years, the intentions of the founders of the Bank of Canada have been entirely frustrated, and that what we have now is an entirely undemocratic and arbitrary manner of managing our currency. It is wholly in the hands of the government. I want to

emphasize that. I do not think I fully realized myself the extent to which it was true until the meetings of the banking and commerce committee. It is wholly in the hands of the government.

I shall quote answers given by the governor of the Bank of Canada and by the minister himself, which I hope will satisfy the committee that that is so, and if the committee is satisfied it is so, then I suggest that they should not brush this question aside as merely academic. Parliament at this time has no power. What I mean by that is, there is no occasion which arises, short of some crisis which will upset everything, whereby parliament has any occasion to consider the matter or to express an opinion.

It is interesting to observe that that means we have come full circle to the point when the sovereign has the full prerogative to issue money. Of course, coining was the royal prerogative for years, and it included the right of debasing the coin. In those days they did it by the open practice of clipping the coin; it was done so that you could see it. But in these days the printing press goes at it in a more refined and much less obvious way of clipping coins or debasing the currency, if we wish to do so.

It is rather interesting to find clear evidence of coin-clipping in Shakespeare. If you look at Henry IV you will find that Hotspur speaks of cracked coins being made current: in other words, bad money by legislation being made good. Many people, of course, including the advocates of gold in the symposium to which I referred, think that that is our situation today; that we have paper money with nothing behind it except the ukase of the government. I am not going to take the time of the committee to talk about the classic inflations that we all know about. But I am going to remind the committee just for a moment of the inflation in Germany in 1924 and again in the war just past. I will mention one incident which amused me, and which perhaps may amuse the committee, showing the ironies of the inflation just after the first war in Germany. This caught my eye, because it had been regarded by no less a person than Lloyd George as a very good illustration of the little ironies of life. A man in Austria left a patrimony to two sons, each of whom got an equal amount. One of them, a very sober, respectable individual, invested his share in high-grade securities. The other invested it all in wine. He drank all the wine but kept the bottles. Later on he was able to sell the bottles for more than the value of the gilt-edged securities which his pious and respectable brother had bought. That seemed to tickle Mr. Lloyd George, and it is a delightful instance of being able to eat your cake, or rather drink your wine, and have it still. I mention, just as one further illustration, what has happened to the French franc. In 1913 the United States dollar was equal to 5·16 French francs. In 1954 it is equal to 350 French francs; in other words 70 times as much.

I repeat, Mr. Chairman, that what I seek to do this morning is not to argue in favour of gold. I regard it at the present time as politically unreal. Whether it will ever come back I make no predictions. But I seek to interest the committee in the present method of management of our money, to indicate it has completely subverted the intention of those who set up the Bank of Canada, to underline the fact that it has come to be the prerogative of the crown, just as it was hundreds of years ago.

It is just twenty years since the Bank of Canada was set up. The preamble to the Bank of Canada Act says that the bank is to regulate credit and currency in the best interests of the economy and the life of the nation.

And so on. Section 7 says that the governor of the bank has the direction and control of the business of the bank. I think I shall be able to satisfy the committee from answers which I shall subsequently quote, given by the governor of the bank and the Minister of Finance, that that is a thing of the past, and that in section 7, instead of saying that the governor of the bank has the direction and the control of the bank, we should say that the Minister of Finance has the direction and control of the bank. I hope that I shall be able to satisfy the committee that that is so.

The Macmillan commission, composed, as we all remember, of two competent English men, Lord Macmillan and Sir Charles Addis, of the Bank of England, Mr. Brownlee, a former premier of Alberta, Sir Thomas White and Mr. Leman, recommended two things among others in their report, which was the basis of the setting up of the bank. One was that the bank should be privately controlled and the other was that there should be a gold reserve. That was emphasized in 1934 when the bank was formed. As I said a moment ago, that has been changed. It was changed in 1936. In 1936 the bank was nationalized. I make no complaint about that whatever. I am inclined to think that private ownership of the bank, in imitation of the status of the Bank of England, which was privately owned for so many years, though of course that has been changed now, the Bank of England is now

nationalized—I am inclined to think that private ownership of the bank was not a very natural thing. I make no complaint whatever about its being nationalized. What I complain about is that the results which flowed from nationalization were not in the least necessary. Let me say again that the actual result, and I will come back to it later and try to establish it step by step, is that the minister can increase the money supply at his will. It is done within the four corners of the finance department. There is no occasion for public notification. It is only people who are close students of finance who have the slightest idea of what is going on.

As I have said, parliament has no say in the matter whatever. Parliament, as distinct from the government, has no more control over money increase than if parliament sat in the moon.

I am not going to take up the time of the committee to ask them to reflect on the enormous power this gives government for good or evil, a power which goes to the very basis of our lives.

Nor am I going to take up the time of the committee to dwell on inflation as it is today. We know that many people have suffered from it. I remember an occasion when a minister in this house, when high prices were criticized, said, "Well, yes, prices are high, but wages are higher." Now, that is not universally true and we all know how many people have suffered from inflation in this country. I think it was Lenin who said that the way to bring down the capitalist economy was to debauch the currency.

But despite that we have this complacency. We say it could not happen here. But in my opinion we must not think we have any kind of Divine immunity. What I want to say is that it can happen here or anywhere and we should be on our guard against it in every possible way.

Now, how has this situation come about? There are two parties concerned. First of all, there is the government. Well, I shall not repeat what we have said so often as to the increase in government power. The government has gone on taking more and more power for it is convenient and, in their view, it is businesslike to do so with as many things as possible, without coming to parliament.

We are now familiar with the phrase, "Who is to stop us?" and other things have been said in this house which I shall not repeat. I would say this though, Mr. Chairman: I think that yesterday morning we had a new high in the disregard of this house by members of the government when serious arguments were made on an important question, to wit, the reform of the Senate, and when the government did not deign to say one word in reply.

We have sunk pretty low when an opposition apparently need not be answered. Indeed, the only answer was an aside which came from the other side of the house and I do not even know if it is in *Hansard,* to the effect that the government's answer will be given by action.

Well, there has been a long time without action and just in passing I would point out that in my opinion the fact that we were treated yesterday as people whose words were not worthy of answering registered a new low in the regard which this government has for this House of Commons to which they are responsible.

The Chairman: Order. I notice the hon. member for Greenwood stated he was making these remarks in passing. I hope that that is correct and that he will now proceed to discuss clause 10 of this bill, which deals with an amendment to a clause dealing with the reserve of the Bank of Canada.

Mr. Macdonnell: I am glad to be able to tell you, Mr. Chairman, that I have just passed. Now, I come to the voters. Why are they so acquiescent? I must admit that I have found most people uninterested, and when people tell me that they are not interested in politics I say to them, "Yes you are interested in politics—you may not know it, but you are."

The Chairman: Order.

Mr. Macdonnell: That is just in passing too, Mr. Chairman.

The Chairman: Perhaps the hon. member misunderstood me. We are discussing a clause of this bill and I must ask the hon. member to confine himself to the clause under discussion.

Mr. Macdonnell: Well, Mr. Chairman, I submit, with deference, that I have to lay a foundation if I am going to have a chance of persuading the minister. After all, he is not an easy man to persuade and I have got to—

Mr. Abbott: You have to have a good case.

Mr. Macdonnell: I have got to make, as he says, a good case, and I am trying to make him realize why the voters are not interested in this, and to indicate to him why one day they may be interested, because a realization of these facts may influence him.

At any rate, Mr. Chairman, my feeling is that the voters have slipped into a situation

where they are interested only in the quantity of money, the quantity they have in their own pockets, and they have lost track of the quality of money. My aim this morning is to try to convince this committee that the quality of money is a most important matter. When my socialist friends talk about money for this and that I feel I would like to interest them in the idea of the quality of money, because if you give a man twice as many dollars which are worth less than half, then you have not done very much for him. I am through with that too, Mr. Chairman.

At the present time, as I have said, this all-important question is left to the judgment of a few men. We have respect for these men but they are not infallible and in my opinion they are not the only people who should have, on occasion, the right to express an opinion as to the soundness and validity of our currency. As it is now there is no occasion when all the other experts, and there are other experts, can express an opinion, and there is no need to call them in at all.

Let us be realistic about this. Do any of us believe that politics could never enter into the situation? Let us imagine a government not as responsible as this government considers itself to be, and let us admit that this supposed irresponsible government we are now talking about is coming on to an election. Is it very farfetched to assume that that could affect their attitude. In this connection a thoughtful comment was made to me that the prospect of the long-run value of money being determined by short-run considerations is frankly terrifying. That, I think, is a fair statement.

As a matter of fact, if I were prepared to trust this power to any group of men it would not be to the cabinet exclusively. If it were possible to entrust that power to any group of men I would rather have a group consisting of, let us say, general economists, labour economists, railway economists, farm economists, businessmen, bankers, and—

Mr. Abbott: Include lawyers in that.

Mr. Macdonnell: Yes, I would include lawyers. I thank the minister for helping me, for it makes me feel as though I am getting his sympathy.

Of course, I do not suggest that that can happen. It could not happen for, of course, the government has to take the responsibility in the end; but I am utterly opposed to the present situation, which is that parliament has no part but that the government has the exclusive power. That power is exercised in private and without notice.

It is rather interesting to point out that in Australia they have dealt with this situation. In Canada if there is a knock-down and drag-out difference of opinion between the governor of the central bank, which was set up to regulate credit and currency, and the Minister of Finance the only recourse of the governor, as appears from the evidence before the banking and commerce committee, is to resign. Though it was not mentioned I suppose there is another course; I suppose it is possible that the governor may say, "I will not resign. I will defy you." But that is asking quite a lot.

On the other hand, in Australia in 1951, and I found this very interesting, the Central Bank Act recognized the possibility of a difference of opinion between the governor of the bank and the treasury, the institution which corresponds to our finance department, and they provided that in such an event the two views should be laid on the table of parliament so that the matter might become public and the opinion of the governor was before the people. They then had a chance of knowing what the difference was and weighing it. At the present time we in Canada may never know that there are any objections at all.

The Chairman: Order. I must confess that I am in some considerable doubt as to the relevancy of the remarks now being made by the hon. member. He seems to be talking about the influence of personnel on certain aspects of this question and clause 10, which we are now discussing, would appear to bear no relationship to that. I think I should ask the hon. member to limit himself to that discussion.

Mr. Macdonnell: Perhaps at this point, Mr. Chairman, I should read my amendment and I hope that may satisfy you. I myself feel strongly that the argument I am making requires the making of these particular points to be set out. I will therefore read my amendment. I move, seconded by the hon. member for Prince Edward-Lennox:

> That section 10 be amended by adding as subsection thereof the following:
>
> "The total of notes and deposit liabilities of the bank shall at no time exceed the total amount of such notes and deposit liabilities outstanding on the day that the bill receives royal assent plus 10 per cent thereof.

You will see, Mr. Chairman, that the point of that amendment is to create a situation where at a certain point parliament needs to be consulted—and that is the point—where the 10 per cent is being reached and where the authority of the executive will run out.

The Chairman: Order. I will put the amendment. The hon. member for Greenwood moves:

That section 10 be amended by adding as subsection—

I have a blank here. What subsection will it be?

Mr. Abbott: Subsection 4.

Mr. Croll: Subsection 3.

Mr. Abbott: It will be subsection 4, Mr. Chairman.

The Chairman: The hon. member for Greenwood moves:

That section 10 be amended by adding as subsection 4 thereof the following:

"The total of notes and deposit liabilities of the bank shall at no time exceed the total amount of such notes and deposit liabilities outstanding on the day that the bill receives royal assent plus 10 per cent thereof".

May I add that the reading of the amendment does not convince me that the previous remarks of the hon. member are strictly relevant to the clause under discussion.

Mr. Macdonnell: I seem to be extremely unfortunate, Mr. Chairman. I hope that perhaps what I say from now on will seem to you to be more relevant. If I am not getting on any better with anyone else in the committee than I am with you, my hopes of carrying this amendment are beginning to recede.

I now come to some of the questions and answers in the committee itself and I hope these will be considered to be relevant. If these are not relevant, I am going to have to confess that I shall have to go and try to relearn the meaning of relevance all over again. I am making the point, Mr. Chairman, that I believe it is extremely unwise that the finance department should have uncontrolled power to increase our money supply. I think you will agree that it is relevant to my amendment, which seeks to put a ceiling on the money supply. I now propose to read some of the answers I obtained in the banking and commerce committee. I asked Mr. Towers with regard to the abandonment of the gold clause in the original act. As reported at page 763 of the committee's proceedings, his reply was as follows:

It was never in effect, because it was always suspended as I recall it.

Later I asked him whether the bank now has unlimited power to create money. His answer was "yes". In answer to a later question from me as to whether there was any check on the power to issue money, as reported at page 764 Mr. Towers said this:

I referred the other day to a red light which might flash in such circumstances for instance if the governor of the central bank resigned.

I want to stress that answer. I think it is extremely important. We have now reached a point where the situation is utterly contrary to the intention of the report of the Macmillan commission and those who founded the bank, where the governor has been reduced to the position of being merely an adviser of the Department of Finance and where his answer, when asked if there is any way of controlling the issue of money, is to say, "Well, I might resign". Later on, as I shall bring to the attention of the committee, the minister fully agreed with him. He said that if the governor of the bank did not agree—I think those were his words; I shall read them later—he thought it was his duty to resign.

In answer to a later question from me as to whether there was any check on the power to issue money Mr. Towers said:

I referred the other day to a red light which might flash . . .

Incidentally I told the governor that I thought it was a great pity if that was to be the result. I said I did not want the governor to resign. I value the governor highly, and I do not think he should be put in that position. I have already pointed out to the committee that that situation has been remedied in Australia.

As reported on the same page 764 I asked further of the governor:

In your opinion would it not be a good thing to have some kind of legislative hurdle that has to be taken before the barriers are opened beyond a certain point?

Mr. Towers replied:

I do not know of any practical way of doing it short of being on the gold standard and having provision for a minimum gold reserve.

But then he added this, Mr. Chairman, and I draw your attention particularly to it. I hope you will consider that this is relevant. He said:

The only other way in which I could think of it being accomplished would be to write into a statute that the sum total of the note and deposit liabilities of the Bank of Canada should be no greater than a sum named—an absolute amount.

Precisely my suggestion, Mr. Chairman, is put forward. I must say he did not put it forward with enthusiasm but it is put forward by the governor of the bank with this caution, which I shall now read. The governor then added:

As they are today, $2,300 million, I have forgotten the exact figure—that they should be no greater than some other amount somewhat above that, but I should think that it would be necessary to leave sufficient leeway—because parliament is not always in session—so that the damage could be done in any event, that is the damage which you fear.

I think there is a misprint there. But it is perfectly clear that the governor was saying that if there was to be any fixed limit to be put on, regard must be had for flexibility; and I would agree with that suggestion. In the committee I said to the minister that I was not wedded to 10 per cent and if he suggested, say 11 per cent, I would settle with him at once. However, I am sorry to say that he did not suggest 11 per cent.

Finally the governor of the bank said this, and I could not disagree with him. He said that I was getting into matters of policy and that the answer would have to be given by the minister. I felt that I could not quarrel with that statement. However, I also could not help feeling that the status of the governor of the bank was sadly altered from what it was in the minds of those who set up the Bank of Canada. They said that he was to be in control—with his directors, of course—of its management.

I stress what Mr. Towers said as to the possibility of just such a measure as that which I am proposing, though with the caution of flexibility which I accept. After all, the crisis is not going to come on us like an atomic bomb. If there is a money crisis there will be days, perhaps weeks and possibly months when the situation is developing. As we all know from our experience of four years ago, parliament can be called together in two or three days, or inside a week anyway.

I now come to the evidence of Mr. Abbott. As reported at page 1347 of the proceedings of the banking and commerce committee I recounted to him what I had asked Mr. Towers and in reply he said:

> I suppose, Mr. Macdonnell, what you are asking me to comment upon is whether there should be some definite limitations in the Bank of Canada Act or the Currency Act or both on the powers of the central bank with respect to the issue of currency; as I take it you are not suggesting we should now return to a full-fledged gold standard?
>
> Mr. Macdonnell: No, not at all.
>
> Hon. Mr. Abbott: And your reason for making that suggestion is we might some day have an irresponsible government which would do things we would not like done. I can only answer you by saying that the issue of money, in the final analysis, is the responsibility of the government of the day, whether it is an irresponsible government or not. There are some things which can only be cured by the ballot box and I do not think—I do not know—of any limitation which could be put in the Bank of Canada Act which, by law, would prevent an irresponsible government from doing irresponsible things with respect to the credit and currency of the country. I would prefer to allow the matter—and this is only my personal view—to remain as it is at the present time because I do not know of any better alternative.

Again I asked this question:

> But would you not agree that with our so-called irresponsible government it might be useful to have a situation arise where the public is put on notice?

To that question Mr. Abbott replied as reported at page 1348 of the proceedings:

> I agree with Mr. Towers; I must say if the Minister of Finance and thereby the government of the day suggested a policy which the central bank could not go along with I think the governor of the central bank should give the warning signal by resigning. I think it would be his duty to do it, but I do not believe it is either desirable, or feasible perhaps, to spell that out by legislation. That is really the only way I can answer your question.

I asked again. I was very persistent, although I do not think I was irrelevant. I said:

> . . . are you satisfied with the wide-open situation where there is no limit of any kind on the power to increase the money supply.

The minister replied:

> I know of no other way. Yes, I am satisfied with the present situation.

The minister was frank and forthright, as he always is. He did not even tell me he would give the matter his consideration, as he sometimes does. He says: Leave it to parliament and to the people. I submit, Mr. Chairman, that that is not an answer which the minister's biographer will put in the forefront of his biography.

Mr. Abbott: I should hope he would.

Mr. Macdonnell: I think it is a very unrealistic answer. We are told that we control the C.B.C. because we get a report from them once a year, and we all know how effective that is. I felt that the minister's answer was vague and unsatisfactory. He said there might be circumstances which would make this unwise. But the only circumstance that he mentioned, as far as I recall, was the possibility of hoarding. I do not think that has ever been a very great danger in this country, but I am ready to admit, and I have said all along, that I do not regard my ideas on this matter as necessarily the only way out. I say that parliament should somehow or other be introduced into the picture, and if my suggestion is not the best then let us have a better way. I say again that the minister, without any notice to the public, can go ahead and increase the money supply.

I have already put it to the committee that the original Bank Act contemplated private ownership and reserves and that both of these were changed. I am making no comment on the change but I am drawing the attention of the committee to the frank expression given by Mr. Dunning in 1936 when the change was made which points out ever

so clearly what was contemplated and makes it clear that what was contemplated was a complete reversal, I submit, of what was indicated when the central bank act had been passed two years before. I quote from what Mr. Dunning said on June 1, 1936, as found at page 3260 of *Hansard*:

> The matter of public ownership is in my opinion much less important than that of government control. If we study the constitution of central banks from this aspect, we shall find ample precedent for the attempt which we are making to give the government adequate control over the Bank of Canada.

In 1934 Mr. King had also used somewhat similar words, though he spoke of the public opinion of the nation. I will read his words:

> There are times when it is necessary and vital that every institution in the land should be subject to the public opinion of the nation—

Could I have a better endorsement of what I am arguing? All I am arguing is that there are times when public opinion should express itself. Mr. King continued:

> —and this is always the case when it is expressed in a constitutional way in parliament.

I submit again that it is this parliamentary control that I am seeking to have re-established. My proposal is not very dramatic or drastic. If it were, perhaps it might have more chance. However, it is not unprecedented. There is a measure of control at any rate in the United Kingdom over the fiduciary note issue. There is a measure of control, as I pointed out in the committee, in the United States and, what is also important, there is the frankest public discussion between the federal reserve bank and the treasury of the United States on matters of policy.

There is nothing of the kind here. The governor of the bank expresses his views in the four corners of the Department of Finance and then he is through. What would be the effect of my amendment? Merely that when we get to a certain point the people of Canada would be entitled to have a look at the position of their currency. That is all I am advocating. There is no disrespect to the finance department in saying that they are not infallible. The minister would be the first one to admit it. The minister says that he does not believe we can by legislation protect either ourselves or our descendants against our follies. I would agree with that of course, but that seems to be no answer to the suggestion that the people should be allowed at a certain point to have a look at their own affairs.

Mr. Abbott: Doesn't my hon. friend ever read the weekly statements of the Bank of Canada?

Mr. Macdonnell: Oh yes, I do.

[Mr. Macdonnell.]

Mr. Abbott: Good.

Mr. Macdonnell: That does not affect my argument in the least, not in the least. The people who read them are few and far between and even then it needs a wise man to understand exactly what is happening. My final point is: What is the danger in this suggestion? A financial crisis does not come on us like an atom bomb. I submit that what I am suggesting is obvious, that there should be no question about it, and that the only argument you can make about it is that the people of Canada are not of age and are not competent to discuss their own affairs.

My point is not of course that the ordinary man in the street is going to have a view about this which he will regard as of much value; but when the matter comes up for discussion there are all kinds of people whose views are worth while and who will be brought into the discussion. Thereby we will have the collective experience and wisdom of the citizenry of Canada and not merely the views of two or three people. As the hon. member for Eglinton said in the committee, after the minister had stated that he could not accept my amendment:

> I do hope the committee will realize the effect of what the minister is saying, because he is saying in effect that if conditions should arise where it is thought that an increase beyond 10 per cent should be allowed that it should not be necessary to share that situation with parliament or to seek parliament's approval.

In one breath we have the minister saying that he thinks the matter should be left in the hands of parliament and the people and in the next breath he refuses a measure the whole purpose of which is that the people and parliament shall have a chance to express their views. At the present time the governor of the Bank of Canada is practically a captive, and what I am saying to the minister is that we should set up a stop, look and listen sign so that we may have the advice of the governor of the bank and others. At the present time when we urge certain views the governor of the bank has to say that he cannot go any further, that he cannot help us. I suggest that those who vote against this amendment are voting for the perpetuation of the power narrowly held which I have described, and they are turning down a proposal to give the people of Canada some control over the vital matter of currency, something which I predict the people will some day demand.

Mr. Cameron (Nanaimo): Mr. Chairman, I suppose members of all political parties who have been members of the banking and commerce committee have met the fate that I and my colleagues in this group who were members of that committee have met of late,

that whenever we mention the more recondite details of banking we are just not allowed to discuss them. So you will have to forgive the hon. member for Greenwood and myself if we have this last final scamper over the peaks of high finance. I am grateful to the hon. member for Greenwood for giving us this opportunity but I must add that I cannot agree with the case that he has put before us. His case is that there should be some legal limit to the expansion of our total money supply. On the face of it that seems reasonable until we come to examine the mechanics by which our total money supply is increased or decreased. When we do that I do not see how we can escape the conclusion that this proposal is in the first place impractical and, in the second place, if it were practical, it is quite unnecessary.

So far as its impracticality is concerned, I would suggest that it is almost impossible for anyone to make an estimate, even within the fair latitude that the hon. member for Greenwood has suggested, of the necessities for any one particular period. I went to the trouble of getting figures for the total money supply in every year from 1945 until March of this year which I think will illustrate the point fairly well. You will recall, Mr. Chairman, that the hon. member for Greenwood pointed out that we went through quite a serious inflationary period in that period of years, and he suggested that if we had had this control we might perhaps have avoided some of the more unpleasant features of that inflationary period.

Mr. Macdonnell: I suggest that is an inference the hon. member is drawing. I do not think I used those words.

Mr. Cameron (Nanaimo): I am sorry if I am imputing something to him, but I gathered that was the idea, that we had a warning in this post-war period of the dangers of not having control over our total money supply. In 1945 our total monetary supply was $5,905 million. The following year it was $6,852 million, an increase of about 17 per cent; that is in the immediate post-war year.

Now, here is the significant part. From that time forward our increase each year has been very much less than that. The following year it was some 3 per cent; between 1947-48, it was about a 10 per cent increase. Then it dropped between 1948-49 to a 5 per cent increase; 1949-50 it became about a 15 per cent increase. The following year there was only a fraction of 1 per cent increase, and the following year again it jumped to an 8 per cent increase, and then the following year it was down to almost nil, practically no difference. In 1952 it was $9,302 million and in 1953, $9,345 million. Up to March of this year it has increased slightly over 1 per cent over the corresponding period last year.

I suggest, therefore, even if we wished to do so it would be very difficult indeed to place any really effective limit to which we could point. I would suggest this. For instance, who could tell—certainly not the Minister of Finance although he might perhaps have warnings before some of us—whether or not we were going to have a vast increase in investment in Canada from abroad? If we did, it would immediately necessitate a vast increase in our total monetary supply. In fact, one could relate many of these increases to just that factor. I suggest it is, in the first place, an impractical suggestion.

Then, I come to the next point, and that is as to whether or not it is necessary to do so. On the face of it, as I say, it does seem rather frightening, shall we say, when we look across the aisle to realize that at any moment the Minister of Finance may be replaced by some fallible creature. Then, where shall we be? I believe that we are giving the Minister of Finance or his office credit for rather more power than it actually possesses.

Mr. Abbott: Hear, hear.

Mr. Cameron (Nanaimo): I have an idea there is far more automatism, shall I say, in this process than we readily understand or are prepared to admit. I wish I had the exact words of Mr. Towers on this point in the banking and commerce committee, but perhaps those who were there will agree that I am recalling them correctly. When we were engaged in a discussion of this point, I asked him if he would agree that from a certain point of view it would be correct to say that our total money supply was nothing more than a reflection of our economic activity at any particular period. Mr. Towers agreed that that was a point of view that could be sustained. I think it is the actual fact of the situation. I believe the money supply of the country will depend, in the final analysis, on the level of investment, either internally by government action or from abroad by foreign action, and that in order to cope with that situation the Bank of Canada will almost automatically have to increase our total money supply.

I would suggest too that there is probably nothing better calculated to undermine public confidence in our monetary system than to periodically have parliament summoned into a special session to increase the total money supply, or even every session to have the Minister of Finance come to us, perhaps with some urgency, and tell us that before the

current week or month were out we had to take steps to increase the total money supply. This would bring to the minds of people not accustomed to dealing with these ideas some very disquieting thoughts. Many of them would hark back to the old days of inflation of currency by the printing press or even perhaps back farther to the methods described by the hon. member for Greenwood, the debasement of actual currency. I am very much afraid we would have many people stuffing currency into mattresses and into socks, and that would not have a very desirable effect upon the economy.

I would conclude, Mr. Chairman, by suggesting to the hon. member for Greenwood that even the most lighthearted government or even the most responsible government would have the greatest difficulty in actually inflating our total money supply beyond the level of our real economic activity no matter how much they might want to do it. Let us consider how they might go about it. We will suppose the present Minister of Finance, through some tragic accident, had suddenly gone mad and decided he was going to inflate the monetary supply. He was going to flood us with dollar bills and $10 bills. He issues an order to the Bank of Canada to do that. They pile them up, wherever the Bank of Canada does pile them up, or wherever it is they have them stacked up, knee high. Then, the problem arises, how are we going to infuse these bills into our economic system, because they will not inflate the monetary supply sitting there. These bills can only be infused into the economy by means of economic activity that is engaged in actual production of goods and services. So long as it is limited in that way, then I feel the danger of runaway inflation is something we do not need to seriously consider.

Mr. Low: I am quite sure an occasion like this does call for some consideration of the things that the hon. member for Greenwood set before us in outlining his amendment. At the outset I should like to say that I listened very carefully to all the things he did say and I hope that I got from his speech not only exactly what he was driving at but all the implications of it. I found it very difficult as I listened to him, and as I listened to him in the committee as a matter of fact, to find out exactly what it is that he and his colleagues have been driving at. It seems to me that they have been talking all the way around the idea of returning to the gold standard, but they have not had the courage to come out and say that is what they want.

[Mr. Cameron (Nanaimo).]

In every single instance when this matter of gold reserves has come up, the Conservatives have taken that position of skirting around the edge, but afraid to say the nasty words, "gold standard".

Mr. Macdonnell: Would the hon. member permit a question?

Mr. Low: Yes.

Mr. Macdonnell: I would point out that the minister asked me if I had that in mind. I said emphatically no, and I will be disappointed in the hon. member if he thinks when I say no, I mean yes or even half yes.

Mr. Low: If that is the case, then I think it is incumbent upon the hon. member for Greenwood to tell us exactly what it is he does mean. It is certain that what he has been trying to introduce into our money policy is some mechanism that will seriously restrict the amount of money that is going to be in use in the Dominion of Canada; that is the very purpose of the amendment which he introduced today. It is a modified gold standard, if he does not call it that.

In the questioning that took place in the committee, I noticed my hon. friend and his colleagues, whenever it was possible, did question very closely about the necessity of having some sort of reserve that would afford automatic control of the money supply. Well, of course, that is nothing more or less than perhaps a modification of the straight and rigid gold standard. Let me just say this, that the gold standard could not work in Canada today without forcing the government to abandon all those things they have introduced into the economy for the purpose of stabilizing it. They would have to throw unemployment insurance, family allowances and all that sort of thing away, because a gold standard simply cannot work unless there is considerable fluctuation in internal price levels, as compared with external price levels, so that it would encourage the movement into or out of the country, as the case might be, of quantities of gold. It is just impossible.

The only alternative is a managed money system, which this country has adopted and which, I think, is infinitely superior to a gold standard in its effects upon the economy and welfare of the people generally. And so, anything that even approximately approaches a gold standard I must oppose at once.

Now, in his talk the hon. member for Greenwood—and I give him credit for being honest in his convictions, of course; I am prepared to take what he says as being

exactly what he feels and thinks—the hon. member for Greenwood complains about inflation, and he cited the situation that has developed in Canada.

Well, I notice that he very carefully avoided saying anything about deflation—not one single word did he say. But I point out to members of the House of Commons that deflation can be and often is more devastating to the country as a whole, and to the welfare of the people, than inflation. I have heard nothing from him or from his colleagues in the committee to suggest that they have the means whereby they can prevent devastating deflation. As a matter of fact, it seems to me the only things they have advocated are those things which would encourage a deflationary trend and, so far as I am concerned, I do not like that sort of thing. On the one hand, I do not want inflation; but, equally, I do not want deflation. I think we ought to be trying to find some mechanism which will prevent any undue inflation or deflation, either of which militates against the best interests of the people of the country.

What I am trying to discover, as we sail through these uncharted seas, is a means whereby we can accomplish this double purpose. The thing I think we should be trying to do is to adopt that type of government policy which will reduce to an irreducible minimum inflationary forces on the one hand and deflationary forces on the other, because both of them are devastating.

In the course of his address the hon. member for Greenwood suggested that perhaps it is unwise to leave the determination of the amount of money in the country to the Minister of Finance and his colleagues. He suggested that perhaps it would be wise to have a group of people representing economists in agriculture, economists in business and economists in law—and all that sort of thing.

Mr. Macdonnell: I am sure the hon. member wishes to be fair. I hope he will say I made it clear that I regarded such a proposal as utterly impossible. I raised it only as a straw man, and I think I fully knocked it down.

Mr. Low: Well, perhaps so. But let me suggest to the hon. member for Greenwood that we have pretty much that sort of thing now, in the set-up of the Bank of Canada. They have a great number of very capable economists, businessmen and financiers with whom they collaborate in determining what the policy shall be at any given time, and to meet such circumstances as might arise. I am sure their advice and counsel is taken very seriously.

So far as I can see, the set-up is almost essentially what the hon. member has suggested. In the course of the years we have made a suggestion at various times for the setting up of a permanent monetary commission composed of representatives of the Bank of Canada, the chartered banks, the Department of Finance, agriculture, labour, and business generally throughout the country. Perhaps it might be an expansion of the board of the Bank of Canada, which would meet regularly to consider all of these questions with regard to the financial and monetary policy of the country. Such a permanent monetary commission in our view should be made responsible directly to the representatives of the people in the House of Commons much as the Auditor General is today, so that periodically they could be called before a committee of the House of Commons and hon. members could be kept informed.

It seems to me that a permanent monetary commission of that sort might be the answer to this whole dilemma. I can understand the concern of the hon. member for Greenwood about having the parliament of Canada consulted frequently about the monetary policy of the country, and the results of policies which have been in effect. As I say, I can understand his concern in that regard; and I think perhaps the best way of meeting it would be to have the type of permanent monetary commission I have suggested, a body which would be responsible to the House of Commons, just as the Auditor General is responsible. We could get from that commission independent reports, and periodically it could give evidence before us. In that way we could keep our finger on this matter.

The commission could be charged with the overseership of policy drafted and set up by the House of Commons; and the overseership and management by that commission could include this very important point, which I think is of such tremendous importance to the people of Canada.

There are two sets of figures available. There is the set of figures representing the production of the country available to be moved and used. There is also the set of figures available showing us month after month the total money supply. Well, most certainly it seems to me that the duties of a monetary commission might be to gear the two sets of figures together, and by so doing it would be possible for them to determine, with more or less accuracy, what the financial and monetary policy of the country is doing. Perhaps they could advise the Bank of Canada and the Minister of Finance about

what ought to be done to meet the situation developing in the country in months ahead.

Now, that sort of thing is practicable, I believe. I am not at any time suggesting that it is possible for a small group of men to decide how much money this country needs. I think the only way that can be done is to leave it to the vast number of entrepreneurs, the producers, the business people and the like, who go to the chartered banks in the regular course of business and arrange for loans for production purposes and by the means now used determine pretty closely the money supply.

But there is another feature of it which I think has to be considered, and that is this, that there are times in this country, as there are in every other country which operates under a financial system such as ours, where, especially in peacetime, surpluses of goods and services do accumulate, and cannot be moved.

Now, if we are to leave the problem of the distribution of those unsaleable surpluses so that it will regulate itself—well, I say we just never would have them distributed, and we may go into a devastating recession or depression.

Our suggestion in those circumstances has been and still remains that the government should provide itself with a mechanism under which purchasing power can be obtained from the only source of new purchasing power, the Bank of Canada, in limited quantity. Limit it to that amount of goods and services which need to be distributed in a country—goods and services which are clearly there and which can be seen and determined quite simply. And simply see to it that that purchasing power is obtained interest free from the Bank of Canada and be used by injecting it directly into the hands of the ultimate consumers so they can thrust it quickly into effective demand to buy the goods off the market and thus themselves set the wheels of industry in motion and help to keep the plants going. That is the proposition that has been made. My hon. friend's amendment would not take care of that at all. My hon. friend's amendment would do the opposite. It would limit severely the amount of money that could be in use at any given time. It is not unreasonable to gear the money supply to the productive capacity of our country. Let the capacity demand decide what the money supply shall be.

If we have in a given period of time an increase of 10 per cent in our production in the country, is it not reasonable to suppose that we are going to need a considerable increase, perhaps up to a maximum of 10 per cent, in the money supply so as to be able to distribute the goods? If there is a 3 per cent increase in productive capacity in our country at any given period, is it unreasonable to suppose that we shall need perhaps a maximum of 3 per cent increase in the money supply? Why, certainly any reasonable person would say, that is what we need. But if we tie ourselves to an amendment of this kind, we are not in a position at any time to increase the money supply sufficient to meet the needs of an increased productive capacity.

I think it is high time that we began to take a look at the irresponsibles. My hon. friend has talked a whole lot about irresponsible governments. I noticed that on the various occasions he looked right straight across at the Social Credit members of the committee. I would rather he would get up and say, what I am trying to provide against is the irresponsible Social Credit bunch getting in and debasing our currency. Instead of that he skirts around and talks in a sort of whisper about irresponsible governments. I like my hon. friend; I am not angry with him at all; but I should like to point out that Social Crediters have been responsible in their administration of affairs. If he can find a better administration of financial affairs than we get in Alberta where we have dominated for 20 years, then I should like him to show us.

Mr. Byrne: Don't talk nonsense.

Mr. Low: Of course, my hon. friend who is sitting over there is one of the great agitators in the house. He keeps on sniping at us, but he dare not stand on his feet and debate the question. I would suggest that he get on his feet and debate it in an intelligent manner instead of sitting back and sniping the way he does day after day.

Mr. Byrne: Pure nonsense.

Mr. Low: The hon. member for Kootenay East is good at that. I just point this out. Which is the irresponsible attitude? That attitude that says you have got to limit the money supply in this country by some arbitrary means inconsistent with the needs of the country, or that attitude that says, let us see to it that we adopt a policy, that we gear the money supply to the production of the country. When you have done that you cannot have either inflation or deflation. That is the position we take, and for that reason—and there are others I could mention—we simply could not support this amendment.

Mr. Abbott: Mr. Chairman, this has been a most interesting debate this morning, and I am very greatly indebted to all hon. members who have taken part in it. It has been raised by the hon. member for Greenwood proposing the amendment which he did in the banking and commerce committee and which in effect of course is to insert a statutory limitation on the power of the Bank of Canada to expand currency and credit. He is suggesting that that be inserted in section 23 of the Bank of Canada Act. In substance he is substituting for the old limitation that the note and deposit liabilities of the Bank of Canada should not exceed four times the amount of its gold reserves, another limitation that they should not exceed the amount at which they stand when the bill receives royal assent plus 10 per cent. I indicated to the banking and commerce committee that I could not accept such an amendment.

Since September of 1939 we have had of course what is commonly known as a managed currency.

Mr. Macdonnell: Did it begin only then?

Mr. Abbott: That is my recollection; it may have been before that but certainly since September, 1939, we have had what is commonly known as a managed currency, and I think that the provisions of this section of the Bank of Canada Act have been suspended since that time.

It is a matter of opinion whether we should have an automatic limitation on the expansion of currency and credit, such as existed in the Bank of Canada Act before the war, by reason of the gold provision or such as is suggested by my hon. friend in his amendment today.

I am indebted to the hon. member for Nanaimo for the very concise exposition which he gave to the committee of the way in which a managed currency operates so far as the expansion of currency and credit is concerned. I must confess that I am in large measure in agreement with the views which he expressed as to both the impracticability and the undesirability of the amendment which has been suggested by the hon. member for Greenwood. I personally believe that it would be extremely unwise to insert this element of rigidity into the Bank of Canada Act. My friend has given me credit and has given the government credit for a great deal more power than we possess in this respect. He has suggested that the governor of the Bank of Canada, or the management of the Bank of Canada—I think he said the governor of the Bank of Canada—is a captive. If I may paraphrase Winston Churchill's statement, all I can say is he is some captive. The governor and the management of the Bank of Canada have certain clearly defined responsibilities and certain clearly defined rights under the Bank of Canada Act. It is open of course to parliament at any time to change those rights and responsibilities but with the exception of this amendment, my hon. friend has suggested no change in that respect. The government as such, the Minister of Finance as such, has no control over the note issue of the Bank of Canada. That is exclusively within the control of the bank itself. So far as the expansion of credit of the bank is concerned, it is true, as I indicated to the banking and commerce committee, that if the government indulged over a period of time in deficit financing and issued securities, either short or long term, which were purchased by the Bank of Canada, it would constitute a substantial expansion of credit. But I would remind my hon. friend that the government cannot borrow at all on short or long term except in virtue of authorization by this house. That should always be remembered. Therefore there is in fact a very real measure of parliamentary control, a complete measure of parliamentary control over the final result.

He has made the point that the public should know, the people of Canada should know, what is going on. I entirely agree with him, but I must confess that when you look at the weekly statements of the Bank of Canada, which are very concise statements, they indicate exactly the extent and character of the deposit and other liabilities of the Bank of Canada and the assets which the bank has. These are published in the press of this country each week, and they are compared with the figures of the week before. Now, anybody who has learned to read can look at those figures and understand what they mean. When I say "understand what they mean", it may be that people who have not taken too much interest in these matters may not appreciate their full significance; but certainly the business community, certainly the financial community, and certainly anyone who takes any interest in these things at all—and that includes members of parliament—have available to them every week exactly the extent of the expansion or contraction of the liabilities of the Bank of Canada.

Mr. Macdonnell: There is no place in which parliament has any exact right to intervene.

Mr. Abbott: My hon. friend knows that every year parliament is required to approve the financial program of the government. At any session it is open to any member to introduce a resolution of non-confidence in the government and base it upon any matter

of public policy. Therefore I say it really is not accurate to say that parliament has relinquished control of this very important matter. The whole question, in my view, included in the amendment of my hon. friend, is whether parliament should now impose this statutory limitation upon the expansion of currency and credit by the Bank of Canada, and I am opposed to it.

The Chairman: Is the committee ready for the question?

Mr. Blackmore: Mr. Chairman, before this amendment is put to a vote I should like to give a little attention to the matter of responsibility, as it applies particularly to the Conservative party.

We all understand that there were conditions imposed upon the Right Hon. R. B. Bennett which under the circumstances were probably impossible for him to control. But let us just find out whether Mr. Bennett and the Conservatives in power in 1930 were able to do anything at all to prevent vast sums of money from being taken out of circulation in Canada with the resulting destruction of industry and the prosperity of the nation.

The Hon. C. H. Cahan, speaking on November 13, 1933, and I am speaking entirely here from memory, said that over $900 million had been withdrawn from circulation in Canada since the beginning of the depression.

Now, following up what the hon. member for Peace River said, I would like to hear the hon. member for Greenwood tell us what he would have done to keep that $900 million from being taken out of circulation, or to put it back into circulation once it had been taken out.

There you have a real job and I will warrant that the hon. member for Greenwood would not be able to say now what he would do except perhaps that he would talk to us beautifully as he so often does.

Let me turn to another matter. The hon. member spoke about inflation. No doubt he had in mind the tremendous increase in prices which has resulted in this country since 1946. That so-called inflation, which it really was not, was a deliberate rise in price which came about as the result of the Conservatives in 1945-46 demanding that controls be removed before the production of this country had reached a level which would justify the removal of controls. The government, which had held the price structure in Canada at an astonishingly stable level, with Donald Gordon in charge, was obliged by pressure from the Conservatives to remove these controls and so the price structure went skyrocketing, even although we were living in peacetime.

Mr. Rowe: That is a very fine compliment to the power of the Conservative party.

Mr. Blackmore: It is not nearly as much of a compliment as my hon. friend thinks it is. Hon. members will recall that the first move in this price rise, which so many people mistakenly called inflation, was that the steel companies of Canada, with the consent of the government, advanced their price for steel by $5 per ton.

Perhaps the hon. member for Greenwood can tell me whether that is or is not a fact. Now, just as soon as that increase of $5 per ton in steel was granted, then the steel workers demanded at once that they be given a share of the money which the steel companies made as a result of that advance in price. The result was that they struck for 82 days and finally obtained that concession.

Now, what did these two moves bring about in the Canadian economy? The price of steel, as everyone knows—

The Chairman: Order. I presume the hon. member is laying a groundwork for his argument, but I would remind him that we are discussing an amendment moved by the hon. member for Greenwood which deals with a limitation on the total of notes and deposit liabilities of the bank, and I think the hon. member should confine himself to that subject.

Mr. Blackmore: I think so too, Mr. Chairman, and that is exactly what I propose to do. The hon. member was talking about responsibility and I was just going to point out that that increase in the price of steel resulted in an increase in the cost of production in respect of practically everything else throughout the nation's industry. The increase in the steel workers' pay resulted finally in an increase in the charge structure in every industry in the nation, and the two together jacked up prices point after point to the extent where they are still rising at the present time. In addition to that, taxation was being increased at the same time. If you want irresponsibility you have it personified in the men of the Conservative party who rose and demanded the removal of price controls. For them to stand up now, despite the havoc which resulted in the Canadian economy by reason of their imprudent demand for the removal of price control, and call the resultant price rise inflation is for them to provide abundant evidence that they just do not know what they are talking about any time they speak.

Now, Mr. Chairman, I have dealt with the general aspects of the matter and I would now like to say a word or two more about responsibility. There is plenty more to be

said along this line. The hon. member for Peace River referred to the government of Alberta as an instance of responsible government. Therein the Social Credit government, never mind how they did it, which, granted it had to operate in accordance with methods of orthodox finance—and look how magnificently they did it—took a debt of $167 million, which looked impossible to deal with, and completely liquidated it. Perhaps they have not actually liquidated it completely, but at least they now have the money with which to deal with it. They now have in addition a vast amount of money saved up—and that has never been done before in the history of the Dominion of Canada.

An hon. Member: What about the oil?

Mr. Blackmore: We will grant the oil, but let me point out that if some hon. members who have so much to say about these oil wells had been in charge of the province of Alberta they would probably have given these great treasures away as political plums to their friends, so that instead of the government being able—

[*Inaudible interruption.*]

Mr. Blackmore: If my hon. friend knew about one-tenth of what he thinks he knows he would be well worth listening to. The main thing we have to bear in mind is that it was by supremely good management of the oil resources of the province now being exercised by the government that this laudable result has been achieved. The government, by offering to sell drilling rights on certain lands they called crown reserves, and allowing those who desired to drill to bid the prices up, enabled the province to acquire many millions of dollars as a result of selling these drilling leases, leases which a less provident government would probably have given to their friends or divided among themselves.

An hon. Member: One o'clock.

Mr. Blackmore: There is plenty of time for the hon. member to get up and talk.

The Chairman: Has the hon. member completed his remarks?

Mr. Blackmore: No, I will be back here later, Mr. Chairman.

The Chairman: It being one o'clock I do now leave the chair.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

The Chairman: When the committee rose at one o'clock we were discussing clause 10 and the amendment thereto moved by the hon. member for Greenwood.

Mr. Blackmore: Mr. Chairman, when I closed there was a whole collection of members across the way on the Liberal side who were clamouring for me to let them ask questions. I told them that I would be quite happy to stay here until midnight to answer their questions if they brought them along; but they have not come forth; so I presume we might as well treat their questions as being all answered.

I was dealing briefly with the question of responsibility in government. I have no desire to spend any great amount of time on it, but there were cries from various parts of the house to the effect that it was Alberta's oil which had done wonders in reforming conditions in Alberta not Alberta's Social Credit government. I just wish to give one set of figures and then I propose to go on with another aspect of the argument of the hon. member for Greenwood. Official figures indicate that on March 31, 1936, Alberta's net funded debt and guarantees amounted to $148,613,000 and that on March 31, 1948, the amount was only $121,504,000. In other words $27,109,000 had been paid by Alberta before oil in considerable amount began to come in. The real revenue from oil began to come in with the discovery of the great Leduc field in 1947. We will now leave that matter. Any time my good friends want to ask questions about Alberta, let them just come around and if they let me know beforehand we will have a good time.

The hon. member for Greenwood, in his argument in support of his position, referred to Germany as a horrible example of what starts in case the gold standard is not rigidly adhered to. Inasmuch as this is a new parliament I think we might as well have a sort of showdown on this German question. It is well to remember a thing which men like the hon. member for Greenwood apparently never take the trouble to find out, namely that Germany, previous to her famous inflation, had fought a long and exhausting war for four years and that Germany was defeated. That means that she was left at the mercy of those who had won. Any government that tries to keep its money somewhere near stable under conditions like that will experience plenty of trouble. I think the Minister of Finance will be the first man to testify to that truth. He knows how careful he has to be to keep matters under control with a very strong government, a very strong country and a very strong people in Canada.

At the close of that war there was owed by the German government a debt of 147 billion gold marks. May I draw the attention of the hon. member for Greenwood to the fact that they were gold marks, not paper

marks? Of this debt, 58 billion was floating debt and 89 billion was funded debt. The interest on that money had to be paid every year. The total taxation which the government could raise in Germany amounted to just enough to take care of one-tenth of the floating debt alone. Let me ask the hon. member for Greenwood this question. After his careful studies of finance, of which I hope he makes a great many, just what would he have done if he had been in charge of the German government in those years? Would he have permitted default on the debt and the interest on the debt? If he was going to get the moneys to pay the debt, where would he have got the money? It might be said that he would float a loan amongst German people. But the German people had no money. Let him face that problem. I hope he does so.

What happened to Germany was much worse than what I have already pictured. The London conference forced Germany to pay one billion gold marks in August, 1921, 362 million gold marks in March, 1922 and 254 million gold marks in August, 1922. For a country that had been on a strict gold standard—so strict a gold standard that they had 60 per cent as much gold as they had notes in circulation at the opening of the war—that export of gold would have been enough to destroy utterly the confidence of the people both within the country and outside of it.

In order to meet the situation the government borrowed from the Reichsbank money to pay on the debt. Let it be remembered that this was not government-issued money. It was good bank money issued by the German Reichsbank to pay on the debt. Hon. members who wish to check any of these figures may do so by asking for a fine book which is to be found in our library, or it used to be before the fire—called "The Story of Money" by Sir Norman Angell, published in 1929. In it they will find a chapter on German inflation which will be very enlightening and will support everything I am saying here now.

Terrible losses were sustained by Germany. In the first place her colonies were swept away. In the next place her merchant marine was swept away. In the next place much of her trade was swept away. In the next place the extremely rich Ruhr-Lorraine-Luxembourg industrial unit in Germany was taken away or disrupted.

The Chairman: Order. May I express the hope that the hon. member will soon relate these remarks, which are apparently directed to conditions in Germany, to the amendment which is now before us and deals with notes and deposit liabilities of the Bank of Canada.

[Mr. Blackmore.]

Mr. Blackmore: Mr. Chairman, I can understand your uneasiness in respect of this matter. I am nearly finished. I believe Your Honour will agree that, when one is discussing the validity of gold as the backing of money in the Bank of Canada—which is the very thing which the hon. member for Greenwood was endeavouring to establish, or a demand for it—there is not anything one could bring into the picture with greater appropriateness or propriety than the illustration of Germany. Consequently if you will bear with me for another minute, I will go on; in fact, I will stop and let somebody else talk. I am just endeavouring to show the absolute weakness of the hon. member's position. His arguments are just not valid at all. He had a hodge-podge of sayings that are commonly accepted as true coin but they have no meaning at all when one examines into them.

I was going on with the German situation, Mr. Chairman. The treaty of peace disrupted the valuable Ruhr-Lorraine-Luxembourg industrial unit in Germany which meant that it destroyed between 11 per cent and 15 per cent of Germany's productive capacity. The hon. member for Greenwood made a revealing remark at one time. He said that inflation was having too many dollars chasing too few goods. In Germany you will notice that all the things I have mentioned up to the present time would affect Germany's ability to produce goods, at the same time leaving money out in circulation. Thus the stage was set for serious inflation. The treaty of peace did worse than that or it did more. It forced Germany to deliver immense amounts of railway cars, locomotives, chemicals, dyes, coke, coal and agricultural products, just the very things that Germany needed as goods to support her money.

Those things being considered, I think everyone will grant that for the hon. member to bring in the German inflation situation, in order to illustrate his case or to fortify it, was not for him to manifest the best of judgment.

I thank you for your courtesy, Mr. Chairman.

Some hon. Members: Question.

Mr. Macdonnell: Of course what the minister had to say about the reports that come out monthly from the Bank of Canada—

Mr. Abbott: Week by week.

Mr. Macdonnell: —giving information does not affect my position, which is that there should be a time at which parliament should, of necessity, enter into the situation.

Some hon. Members: Question.

The Chairman: Perhaps I should read the amendment since it was proposed before the luncheon recess. The hon. member for Greenwood moves:

That section 10 be amended by adding as subsection 4 thereof the following:

"The total of notes and deposit liabilities of the bank shall at no time exceed the total amount of such notes and deposit liabilities outstanding on the day that the bill receives royal assent plus 10 per cent thereof."

The question is on the amendment. Those in favour of the amendment will kindly rise. Those opposed to the amendment will kindly rise.

Amendment (Mr. Macdonnell) negatived: Yeas, 16; nays, 74.

The Chairman: I declare the amendment lost. Shall clause 10 as previously amended carry?

Clause agreed to.

Clauses 11 to 20 inclusive agreed to.

Schedule B agreed to.

Schedule C agreed to.

Title agreed to.

Bill reported, read the third time and passed.

QUEBEC SAVINGS BANKS ACT

REVISION TO CONFORM WITH DECENNIAL REVISION OF BANK ACT

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider Bill No. 419, respecting savings banks in the province of Quebec.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

The Chairman: May I point out to the committee that this bill has been considered and reported on by the banking and commerce committee.

On clause 1—*Short title.*

Mr. Abbott: Perhaps I should say a word before we consider the bill clause by clause. As you have indicated, Mr. Chairman, this bill, as well as the other two, was considered in the banking and commerce committee. There is not a great deal I can add to what I said when the bill was given second reading. The bill relates to the two savings institutions which have operated in the province of Quebec since before confederation. The principal changes of policy in the bill relate to authorizing these banks to invest in insured mortgages under the National Housing Act, some expansion in the investment powers of the banks and, as I stated on second reading, the bill also provides for a complete revision of the act for the first time since 1913.

A great many of the sections are identical in terms with the sections of the Bank Act, and whenever it is appropriate the provisions of the bill are either identical with or very similar to the sections of the act with respect to the commercial banks. The bill, in so far as any changes in substance are concerned, was carefully discussed in the banking and commerce committee, and I think that the revision job that has been done here, as was the case with the Bank Act itself, has considerably improved the bill.

Mr. Macdonnell: There are one or two questions I should like to ask the minister. Before the revision, were these banks in the same position as the chartered banks with respect to being prohibited from any mortgage lending?

Mr. Abbott: No, they had mortgage investment powers in what are referred to as conventional mortgages. They have had for a good many years the power to invest a proportion of their assets in mortgages because they are, as their names indicate, savings institutions. On the other hand, their investment powers in other fields are very much more limited than those of the commercial banks.

Mr. Macdonnell: Is there any provision whereby others than the two existing banks can get powers under the act?

Mr. Abbott: No. These two institutions are, as I have said, pre-confederation institutions. They existed before Canada became a nation in 1867. They have been continued under federal direction of course since that time because of the power with respect to banks and banking contained in section 91 of the British North America Act. At each decennial revision of the Bank Act the charters of these two institutions have been extended in the same way.

Mr. Macdonnell: Are they under the jurisdiction of the inspector general of banks?

Mr. Abbott: Yes.

Mr. Macdonnell: To what extent do they do commercial banking, particularly under a section corresponding to section 88 of the Bank Act?

Mr. Abbott: Oh, they have no such powers. They do not do commercial banking at all. Their investments are largely in securities, mortgages and that sort of thing.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

On clause 6—*Duration of authority to carry on business.*

Mr. Macdonnell: I think it is in clause 6 that there is a reference to 20 per cent of their liabilities in total and 60 per cent of the property value—

Mr. Abbott: Which clause is this?

The Chairman: Clause 6.

Mr. Abbott: Clause 6 relates to duration of authority to carry on business. I believe there has been a renumbering in the reprint since the bill was before the banking and commerce committee. There has been no change in clause 6.

Mr. Macdonnell: Perhaps the inspector general could refer the minister to the clause dealing with the limits of lending on conventional mortgages.

Mr. Abbott: That does not come until clause 64.

Clause agreed to.

Clauses 7 to 12 inclusive agreed to.

On clause 13—*Election of directors.*

Mr. Macdonnell: Are there the same restrictions on directors in this bill as in Bill No. 338?

Mr. Abbott: Yes, with the exception of the age limit which was inserted in the banking and commerce committee with respect to commercial banks.

Clause agreed to.

Clauses 14 to 25 inclusive agreed to.

On clause 26—*Offer of shares of capital stock.*

Mr. Macdonnell: With regard to clauses 26, 27, 28 and 29, I have a general question. These provisions deal with the offering of shares of capital stock. Do they conform substantially or perhaps exactly with provisions in the Bank Act?

Mr. Abbott: My understanding is that the amendments are identical with the amendments that were made in the Bank Act.

Clause agreed to.

Clauses 27 to 51 inclusive agreed to.

On clause 52—*Report to Minister of National Revenue of excess reserves for bad debts, etc.*

Mr. Macdonnell: Clause 52 has to do with contingency reserves. Is that also similar to or identical with the provisions in the Bank Act?

[Mr. Abbott.]

Mr. Abbott: It is identical in terms with the corresponding section of the Bank Act, Mr. Chairman.

Clause agreed to.

Clauses 53 to 57 inclusive agreed to.

On clause 58—*Investments.*

Mr. Macdonnell: Clauses 58, 59 and 60 deal with investments. Is there any other change with regard to investments except the one necessitated by the housing act?

Mr. Abbott: There have been certain other changes, but that is the principal one. There is also a provision which authorizes these particular savings banks to invest in the first preferred shares of Canadian corporations and the shares of chartered banks, where those corporations and banks have a satisfactory earnings record. These provisions are new and are an enlargement on the former powers of investment.

Clause agreed to.

Clauses 59 to 69 inclusive agreed to.

On clause 70—*Acquisition of real property.*

Mr. Macdonnell: With regard to the acquisition and holding of real property, is there any change?

Mr. Abbott: None. This has been the same for a good many years, Mr. Chairman.

Clause agreed to.

On clause 71—*Interest exceeding 6 per cent shall not be charged.*

Mr. Fraser (Peterborough): Clause 71 states the interest rate must not exceed 6 per cent. Will these banks be allowed to do as one banker in the committee said they were doing, to charge a service charge on their loans? I do not want to mention the name of the bank, but the charge reached 10·46 per cent.

Mr. Abbott: This provision is identical with the provisions in the Bank Act with respect to interest charged. It limits the maximum interest that a bank may make to 6 per cent. These two banks would be subject to the same limitation as any other bank in Canada in the setting of charges.

Mr. Fraser (Peterborough): There was a doubt as to whether the one bank that was charging the service charges was doing it legally. Can the minister say whether it was right or wrong?

Mr. Abbott: Well, I am always leery about giving free legal opinions. I would not care to express an opinion. It would be a matter for either the banks' or customers' lawyers

or the courts in the final analysis to decide whether the bank was or was not complying with the provisions of this section.

Mr. Fraser (Peterborough): I do not agree with the minister. I feel it would be up to the inspector general of banks to step in there and say whether or not it was legal.

Mr. Abbott: That may be. I understand the inspector general gave some evidence in the committee on that matter.

Mr. Fraser (Peterborough): Not too much.

Clause agreed to.

Clauses 72 to 123 inclusive agreed to.

Schedule A agreed to.

Schedule B agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1954 not exceeding $209,168,695 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1955; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that, except as expressly provided, the aggregate principal amount of securities outstanding at any time shall not exceed $234,623,695; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make loans to the said company secured by such securities and not exceeding $234,623,695 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the national system.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Abbott: Mr. Chairman, this is the annual resolution that precedes the introduction of the Canadian National Railways Financing and Guarantee Act. Hon. members will recall that in 1952 the form of this resolution was changed so as to include the financing of all capital expenditures, whether authorized in that act or in earlier financing and guarantee acts. This procedure has been followed again this year.

The bill to be founded on this resolution is divided into three specific parts. The

Canadian National Railways

first part is to authorize the Canadian National Railways to incur capital expenditures up to $234,623,695. The second part authorizes the railway company to make capital expenditures prior to July 1, 1955, to discharge obligations incurred under this act which become due and payable after January 1, 1955, in the amount of $45 million. The third part authorizes the railway company to enter into contracts for the new equipment and for general additions and betterments in the amount of $36,555,931.

To summarize, parliament is being asked to approve financing either by way of the issue of new securities guaranteed by the government or by way of direct loan, in the amount of $234,623,695. For the convenience of hon. members, the table giving the details of this amount is as follows:

Additions and betterments (excluding new equipment)	$44,700,000
Branch line construction	6,200,000
New equipment	147,032,195
Acquisition of securities	11,236,500
Capital expenditures, January 1, 1955 to June 30, 1955, incurred prior to January 1, 1955	45,000,000
	$254,168,695
Less amount available from depreciation reserves	$19,545,000
	$234,623,695

The usual authority is provided for the making of temporary loans to the railway company and Trans-Canada Air Lines to meet operating deficits to June 30, 1955. While the budget of the railway company contemplates a surplus of $500,000 for the calendar year 1954, deficits usually occur in the early months of the year.

Loans made by the government to the railway company under previous financing and guarantee acts were outstanding on April 30, 1954, as follows:

1951 act	$ 4,416,388.02
1953 act	$131,717,732.15
1953 act—account of 1954 deficit	$ 17,500,000.00

We have made somewhat unexpectedly rapid progress this afternoon. I had not contemplated we would reach this resolution as early as we have. However, I shall endeavour to give hon. members any information I can, after they have had an opportunity of studying the table placed on *Hansard*. Perhaps that information could be given in the committee stage of the bill. That would certainly be more convenient for me, because I would then have the assistance of officials who would be helpful in interpreting those figures.

Mr. Knowles: Does the table indicate the nature of the items of additions and betterments for which this money is to be spent?

Mr. Abbott: It does not indicate the details of those improvements and betterments. But in committee on the bill any substantial information required can be made available. I understand the capital program was discussed in some detail before the standing committee, although I was not there.

Mr. Diefenbaker: Does it include any amount set aside to provide for an extension of or increase in the basic pension for Canadian National Railways employees?

Mr. Abbott: This is only the capital program. I would think that would be included in the operating budget.

Mr. Macdonnell: I should like to draw attention to two or three things that could be considered at the bill stage. The minister referred to a figure of $234 million. I have here the breakdown of that figure, which I shall not read in detail, but which makes up that amount. There is, however, one item in the capital budget as presented to the committee that I wish the minister would look at and which I think would require some explanation. Because, after totalling up the capital figures based on the $234 million, which appear in the minister's statement, there is a deduction item which says, "less $72 million" for which financing authority exists under the Canadian National Railways Financing and Guarantee Act of 1953. I should add that that is deducted. My understanding is that the $72 million referred to is an amount authorized last year but not expended, and that the intention of the finance department is to have each year a new statement of the amounts actually required for the year. I think that that requires some explanation.

Secondly, when we look at the bill I would like to have on the record a full explanation of what I believe to be the fact, that the capital amount required, new equipment, $147 million, is virtually or almost wholly self-liquidating, because there is a large amount charged to operating expenditures for the retirement of that each year. I should like also to have a statement as to depreciation outside that special item for equipment. I understand that, apart from that, most of the amount spent on upkeep is regarded as virtually in lieu of depreciation, and I think an explanation should be given at some length.

Mr. Abbott: I shall see that the information for which the hon. member for Greenwood has asked is made available when we get into committee on the bill.

[Mr. Abbott.]

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 469, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

CROWN CORPORATIONS

AMENDMENTS TO CERTAIN ACTS TO PRESCRIBE PENSION PROVISIONS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 461, respecting the superannuation of government employees transferred to crown corporations.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, as I stated the other day when the resolution on this bill was being considered, it is designed to prescribe the pension provisions for, and the manner in which those pension provisions are to apply to, persons transferring their employment from the public service to a number of crown corporations. The same provisions will affect the employees of boards, commissions and other corporations who contribute under the Public Service Superannuation Act should they become employees of those crown corporations to which this bill applies.

Hitherto in accordance with the provisions of the Government Companies Operation Act, as well as of a number of other acts establishing crown companies, a civil servant who had been contributing to the superannuation account under the Civil Service Superannuation Act could continue to be a contributor and enjoy all the benefits of the superannuation act, if he left his employment in the civil service, and became an employee of one of these crown companies. It is believed that this policy was introduced to encourage the transfer of key personnel from the civil service at the time of the establishment of a crown company. As a rule it would be some time before the company would have a pension plan of its own and so these civil servants, many with several years to their credit under the superannuation act, would otherwise be transferring from an employment with a first-class pension plan to one with none at all.

While such a provision was recognized as essential at a time when a company was set

up, the need for it gradually disappears when a company becomes well established and has a good pension plan of its own. Up to the present those civil servants who have benefited in this way on becoming employees of crown companies would at least have been permanent civil servants and would normally have several years of service to their credit. Thus the retention of this right to remain under the Civil Service Superannuation Act would not be regarded as providing very many undeserved benefits up until now.

With the coming into force of the Public Service Superannuation Act on January 1 of this year, the circumstances just described are quite different. If these provisions were to be retained in these other acts it would then be possible for a person with just over a year's employment in a temporary position to transfer to a crown company and carry with him full rights under the superannuation act because he had become a contributor to the superannuation account after this one year of employment. Since an employee who transferred to one of these crown companies would transfer because it was to his advantage to do so, it is unreasonable that he should carry with him the generally greater benefits of the public service pension plan. In addition he would have the other advantages of his new position and be relatively better off than both his former and new fellow employees.

I mentioned at the resolution stage the crown corporations with pension plans of their own to which this act will apply. These are the Canadian Broadcasting Corporation, the Canadian Overseas Telecommunication Corporation, Canadian Arsenals Limited, Polymer Corporation Limited and Eldorado Mining and Refining Limited, under whose pension plan employees of Eldorado Aviation Limited and of Northern Transportation Company Limited come. As I pointed out earlier, the acts relating to the pension plans of these crown companies contain provisions regarding the continuation of transferred employees as contributors to the superannuation account.

Mr. Macdonnell: Of the crown companies?

Mr. Benidickson: The acts that are now being amended have hitherto contained a provision under which a person could continue under the superannuation act. Because of its close relation with the Public Service Superannuation Act it is intended that this new act will have effect from January 1 of this year because that is the day on which that act came into force. It will not affect those civil servants who became employees of crown companies before that date and continued to be contributors under the superannuation act. They will continue on as before.

Hon. members will recall that the new Public Service Superannuation Act provides for reciprocal transfer agreements between the government and any of these crown companies where, on the transfer of both employer and employee contributions as well as of interest on these contributions from one pension fund to the other, the employee's full service credit under his former pension plan will be transferred to his new pension plan. This would be done only if the employee agrees and where a reciprocal transfer agreement has been concluded. Some discussion has already taken place with certain of the crown corporations with a view to entering into these agreements as provided in that act.

Thus a contributor under the superannuation act who, before the age of 60, transfers his employment to one of these crown companies which is not under that act will have the choice of at least a return of his contributions or a deferred annuity related to his service up to that time and commencing at the age of 60. If there is a reciprocal transfer agreement with this crown company, that employee would have the third choice open to him of having his pensionable service transferred to his credit under the pension plan of his new employer.

In addition to the acts relating to these corporations, the St. Lawrence Seaway Authority Act is also amended in this bill so far as the pension provisions are concerned. As hon. members are aware, the St. Lawrence seaway authority has not yet been established and it is not known, therefore, what type of pension plan it will have. This bill makes it possible for the authority to be added to schedule "A" of the Public Service Superannuation Act whereby its employees would be contributors under that act. As an alternative, should it be decided to set up a pension plan of its own, this bill provides that persons who are contributors under the Public Service Superannuation Act and who become employees of the authority will continue to be contributors under that act until the authority's own pension plan is established. At that time provisions similar to those described above for these other crown companies covered by this bill will apply to those contributors.

Mr. Macdonnell: There are two or three questions I should like to ask. In the first place, when the bill was at the resolution stage I asked the parliamentary assistant whether there were cases which were not covered by this legislation because there was

no superannuation plan in effect in the crown corporations themselves, and I think his answer was yes, but that he believed there were special circumstances there. I should like, if possible, to have that cleared up now.

Mr. Benidickson: It was my idea to answer my hon. friend in committee.

Mr. Macdonnell: I beg your pardon.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when we were on the resolution stage with respect to this legislation I indicated our wholehearted support of the principle with which this legislation deals. As I understand it, the government's desire is that as between the public service and crown corporations there should be transferability of pension rights. From what the parliamentary assistant said just now I understand that the government does not wish it to go too far; it does not wish it to go to the extent of an employee getting a double advantage in terms of pension rights because he transfers from one type of government employment to another. Obviously one can have no quarrel with that aspect of the legislation.

I do wish to say once again that we support wholeheartedly the underlying principle of this legislation, namely, that when employees transfer from one type of government employment to another it should be possible for them to carry with them the pensionable service or the pension rights which they have earned.

As I indicated the other day, and therefore I shall only refer to it in passing now, we think this is a principle that should be extended even wider. The parliamentary assistant has indicated that at one stage, in order to induce people to leave the public service for employment in crown corporations, it was necessary to do something about the pension situation. That feature applies not only as between public service and crown corporation employment, but it applies as well to a great many people at all levels of employment.

As I said the other day, there are people who are frozen to their jobs because they cannot carry their pension rights with them. There are others who are effectively denied entry into certain types of employment because their age is such they cannot become participants in a particular pension plan. If such persons were able to carry with them the pension rights that they had built up in the past that problem could be solved. I rise, therefore, Mr. Speaker, to express the hope that the government, as a matter of public policy, will give further study to this whole question and will try to draft legislation that will extend this principle on a broader basis, so that our people generally will be able to take their pension rights with them when they transfer not only from public service to crown corporations but when they transfer from private industry to public service or vice versa, or even when they transfer from one private industry to another. As I indicated the other day, this is something that is sorely needed in respect of pension plans throughout the country generally, and I hope that we will yet see an extension of the basic principle underlying this legislation until it includes all our people.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Canadian Broadcasting Act.*

Mr. Macdonnell: Mr. Chairman, I have some questions to ask on this but if the parliamentary assistant wishes to make a statement I shall reserve my questions.

Mr. Benidickson: Mr. Chairman, it was not my intention to make a statement but I was going to answer a question my hon. friend raised a few moments ago, and which he raised some time ago as reported at page 5030 of *Hansard*. There he asked whether there were some crown corporations who have not a pension plan and if by reason of the absence of such a plan some expensive retroactive action might be necessary in the future.

Mr. Macdonnell: Yes, as regards the shareholders.

Mr. Benidickson: Yes, and I said it was possible that not all crown corporations had a pension plan. I have since made inquiries and I have found that the only crown corporation which has not a pension plan is the Park Steamships. There are special reasons for that, namely that it is no longer functioning as a crown corporation. There are other reasons but that is the principal one.

Mr. Macdonnell: I have one or two other questions, Mr. Chairman. First of all, let me say I agree fully with the hon. member for Winnipeg North Centre that there ought to be transferability in these cases. That seems eminent common sense, for they are all employed by the same employer. Would it be true to say that the pension plans in crown corporations are virtually the same, or is there a great variety?

Mr. Benidickson: That question was raised when we were on the resolution stage by the hon. member for Perth and I was proposing to answer that question too. I find that there is not exactly a consistent pattern

with respect to these pension plans, but generally speaking most features are similar, such as the rate of contribution. The rate of contribution varies somewhat sometimes between males and females, and sometimes between one corporation and another because the corporations themselves, having different functions, find that their employees want variations in the same fashion as in private business. That rate of employee contribution thus varies from between five to six per cent of salary. Then when the maximum amount of pension is to be determined there is a slight variation there also, but I find that the range runs between one and three-quarters per cent to two per cent of salary multiplied by the number of years service. Under the superannuation act the maximum number of years service that can be taken into account to determine the maximum pension is 35 years, and in the case of the Public Service Superannuation Act the rate is two per cent. Therefore, the maximum pension would be 35 years times two per cent of the salary which would be 70 per cent.

Mr. Macdonnell: Are the terms of retirement the same?

Mr. Benidickson: Generally yes; but, as I say, there is some variation in the maximum number of years, and the percentage calculation runs between one and three-quarters per cent and two per cent, so it is fairly close.

Mr. Macdonnell: The parliamentary assistant used the phrase, "in cases where there is an agreement between the crown corporation and the government." That leads me to ask a question in regard to this bill before us, subject to my not having read every word with great care. We do have special crown corporations and I shall like to know why it is not possible to deal with the matter in general. Are there special features in each case which have to be dealt with? Are we running into a situation where a civil servant may transfer to one crown corporation and he may then wish to transfer back and be unable to do so? Is there any possibility of transferring to and fro?

Mr. Benidickson: Yes; there is a possibility as provided under the superannuation act. Under this new act which came into effect on January 1 there is provision for reciprocal agreements to be made to widen these opportunities. The functions of the crown companies vary considerably and for that reason you will find that there are separate schedules in the Financial Administration Act and also schedules in the superannuation act setting out the crown companies according to functions. For example, some corporations are defined as departmental corporations, and others are considered to be agency corporations. There are others of a proprietary type such as the C.B.C. and so on, and their relationship to a unified pension plan would vary somewhat in each case. In each company the employees perhaps have differing requirements.

Mr. Monteith: Mr. Chairman, generally speaking there are small variations between the schemes in some crown corporations and in the Public Service Superannuation Act. Does the parliamentary assistant feel that this act covers the whole situation and makes a transfer from one to the other, either from public service to crown corporation, or from one crown corporation to another, quite equitable?

Mr. Benidickson: No, Mr. Chairman. This act does not make that possible but the Public Service Superannuation Act contains the provision under which these reciprocal agreements can be arrived at and the transfer made.

Mr. Macdonnell: Does the parliamentary assistant mean the transfer from the public service to a crown corporation and from one crown corporation to another?

Mr. Benidickson: I meant an agreement to transfer the contribution, both employee's and employer's, as laid down in the superannuation act.

Mr. Macdonnell: Who manages the pension funds? In each of the crown corporations do they manage their own?

Mr. Benidickson: Yes.

Mr. Macdonnell: Is there any government responsibility in the event of loss?

Mr. Benidickson: I think in each case the pension plan is suggested by the board of directors, but I think under each act the approval of the governor general or the treasury board is required.

Mr. Macdonnell: Well, I suppose we can take it that the terms of investment are restricted to the highest securities?

Mr. Benidickson: I believe, except in one case, their plans involve insurance companies —annuity schemes with insurance companies.

Clause agreed to.

On clause 2—*Canadian Overseas Telecommunication Corporation Act.*

Mr. Ferguson: Could the parliamentary assistant tell me whether that means reinsuring the risks with insurance companies, in other words, private enterprise? If that is so, it is most gratifying.

Crown Corporations

Mr. Benidickson: I had in mind, of course, group Canadian government annuity policies as well.

Mr. Ferguson: That is good news.

Clause agreed to.

On clause 3—*Government Companies Operation Act.*

Mr. Knowles: Mr. Chairman, I have some questions I would like to ask on this clause and since I am on my feet immediately after my good friend the hon. member for Simcoe North (Mr. Ferguson) I would like to extend to him my best wishes for a very happy birthday. In view of what happened the other day, that will show that we are still good friends.

Mr. Macdonnell: That is what they do in the insurance business also.

Mr. Knowles: Under this clause may I ask whether any other companies are involved in these reciprocal arrangements or reciprocal agreements or whether it is possible to have them with other companies? The parliamentary assistant referred to Canadian Arsenals, the Polymer Corporation, Eldorado and its subsidiaries. What is the situation with respect to the Canadian National Railways and Trans-Canada Air Lines?

Mr. Benidickson: The companies which would have an opportunity of making a reciprocal arrangement as provided in the superannuation act are not restricted to those referred to in the Government Companies Operation Act. Conceivably the C.N.R. would be a type of crown company which could enter into a reciprocal agreement with the superannuation act management. My hon. friend will also know that the act provides that we could enter into reciprocal arrangements with other public bodies such as governments in the provinces and municipalities.

Mr. Knowles: Under that act is it possible for the government or a crown corporation to enter into a reciprocal arrangement with any private industries?

Mr. Benidickson: We have not gone that far in the act; no.

Mr. Knowles: Keep thinking about it.

Clause agreed to.

Clauses 4 to 6 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: Shall this bill, by leave, be read a third time now?

[Mr. Ferguson.]

Mr. Knowles: By leave.

Mr. Speaker: Agreed.

Bill read the third time and passed.

BUSINESS OF THE HOUSE

DISCUSSION AS TO ORDER OF PRECEDENCE

On the order:

Second reading of Bill No. 393, an act to amend the Atomic Energy Control Act.—The Minister of Defence Production.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, if you do not mind would you call first the order of business having to do with the War Service Grants Act?

On the order:

House in committee of the whole on Bill No. 82, an act to amend the War Service Grants Act.

Mr. Speaker: Is it agreed that I do now leave the chair for the house to resolve itself into committee of the whole on this bill?

Mr. Lennard: Mr. Speaker, is it wise to have this matter discussed now while most of those interested are sitting in the veterans affairs committee?

Mr. Bennett: Mr. Speaker, I do not think there is anything contentious about this act. It was passed with one amendment unanimously in the veterans affairs committee.

Mr. Lennard: Very well.

Mr. Speaker: Is it agreed that I do now leave the chair—

Mr. Macdonnell: Surely, Mr. Speaker, the point raised by the hon. member for Wentworth is a valid one. It is all very well to say that it is not a contentious matter. That may be our view. But surely the people who have devoted the most attention to it have the right to be here.

Mr. Harris: Mr. Speaker, I believe that what the parliamentary assistant has said is in accordance with the facts and that the bill was approved in the committee unanimously. But at the same time, in order to accommodate hon. members, we will go on with the bill with regard to Atomic Energy Control.

ATOMIC ENERGY CONTROL ACT

AMENDMENTS CONSOLIDATING ACTIVITIES OF GOVERNMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 393, to amend the Atomic Energy Control Act.

He said: Mr. Speaker, the purpose of the proposed amendments to the Atomic Energy Control Act of 1946 is to establish administrative machinery and procedures which will better meet the requirements of the present and future program in atomic energy. The program has passed through two stages, and is now entering upon a third.

The first stage began in 1942 with Canada's decision to join with the governments of the United States and the United Kingdom in the effort to produce an atomic bomb. Canada's contribution was twofold. First, we supplied uranium—the raw material of the bomb—from the deposits at Port Radium in the Northwest Territories. This mining operation, initially under the direction of a private company, was transferred to a crown company, Eldorado Mining and Refining Limited, in January, 1944. Second, we made available the facilities of the national research council, and in particular the services of a group of brilliant scientists on its staff. These men in association with British and European scientists undertook to find a method of producing plutonium, the fissionable material which is one of the prime ingredients of the atomic bomb. As a result of this research it became possible to design and construct a reactor at Chalk River using heavy water as the moderator and natural uranium as the fuel. This project was under the direction of the national research council. While the reactor was primarily a research tool, much of the information obtained in its design and operation has been of great value to the military program. This first stage in the atomic energy program came to a close with the end of the war.

There was a period between the end of the war and late 1946 when some hope existed that a way might be found of eliminating, or at least controlling, the use of atomic weapons. In this connection the house will recall Canada's participation in the international conference on atomic energy which was held under the auspices of the United Nations. It was not thought desirable during the period of these discussions that any change should be made in the Canadian program in either the research or the raw materials fields. When it became apparent that an international agreement could not be reached consideration had to be given to the future direction of the two phases of the Canadian program, and to the best method of administering that program. This was the beginning of the second stage.

In the raw materials field the way was clear. It was decided that Canada should continue to supply uranium for the production of atomic bombs from existing sources of supply and, moreover, that we should seek to increase the sources of supply. Similar policies were adopted by the governments of the United States and the United Kingdom. This involved, in the first instance, an expansion of the production capacity at the Port Radium mine, and an expansion of Eldorado's exploration activity. It also involved the participation of the prospector and the mining industry. The house will recall that in March, 1948 I announced that a price schedule had been established for uranium ores and concentrates which was guaranteed until March 31, 1955. I also announced that Eldorado had been designated as the procurement agent for all uranium ores and concentrates produced in Canada. I have made further announcements from time to time relating to changes in the price schedule and the duration of the guarantee. The current price schedule has been guaranteed until March 31, 1962.

In considering the post-war objectives of the Chalk River project the government was influenced largely by the fact that the NRX reactor had proved to be the most efficient reactor of its type in the world and as such offered a unique opportunity for exploring the peacetime application of atomic energy, and especially its use as an energy source for electric power. It was decided, therefore, that the program of research and development at Chalk River should be continued and expanded. In 1951 the decision was made to construct a second reactor which would have a dual purpose—production and research. This new reactor, called the NRU reactor, is of a similar type to the NRX reactor but much more advanced in design and of much higher power.

These decisions affecting the post-war program in atomic energy were reflected in the Atomic Energy Control Act of 1946. The intent and purpose of the act were set out in its preamble as follows:

> It is essential in the national interest to make provision for the control and supervision of the development, application and use of atomic energy, and to enable Canada to participate effectively in measures of international control of atomic energy which may hereafter be agreed upon . . .

The act provided for the establishment of an atomic energy control board which would be responsible for the over-all direction of the program and for administering the various types of security regulation which were required in the program. However, it seemed unwise to disturb the existing arrangement whereby Eldorado had direct responsibility for the raw materials program.

and the national research council had direct responsibility for the research and development program. There was no great difficulty in the case of Eldorado, since its board of directors had reported to a minister during the war years. This arrangement was continued in the post-war years. The president of Eldorado was appointed a member of the atomic energy control board, in order that the board might be fully informed as to developments in the raw materials field. In practice, therefore, the authority of the atomic energy control board in relation to the raw materials program has been confined largely to the administering of security regulations affecting the disclosure of information.

The position with respect to the Chalk River project was somewhat more complicated. It seemed desirable that the atomic energy control board should deal with questions of policy, but at the same time that operating responsibility should be retained by the national research council. The atomic energy control board entered into an agreement with the national research council whereby it delegated to the national research council responsibility for operating the Chalk River project subject to direction by the board in matters of policy including the approval of the operating and research budgets. The president of the national research council was appointed to the atomic energy control board in 1946, and became its president in 1948. This arrangement prevailed until April 1, 1952, when the Chalk River project was incorporated. The new company, Atomic Energy of Canada Limited, was incorporated under the powers of the atomic energy control board, and its board of directors reported to the atomic energy control board. The company was to have operating responsibility for the Chalk River project, but the atomic energy control board was to retain responsibility at the policy level and for the approval of operating and research budgets. The president of the atomic energy control board was appointed as president of the new company.

When these several and somewhat complicated administrative arrangements were made, it was recognized that changes might be necessary as the program developed. The administrative organization of the two phases of the program, which I have just described, was an attempt to provide adequate but flexible control during the period of transition from the wartime program with its short-term objectives to the peacetime program with its long-term objectives.

We are now passing from this transitional or second stage of the program to a third stage. The present amendments to the Atomic Energy Control Act are intended to provide for administrative machinery which will meet the demands of this third stage of the program.

Before I discuss the proposed amendments I should like to comment briefly on the significant developments in the program with particular reference to its long-term objectives.

The work at Chalk River has reached the point where we now believe that it should be possible to produce atomic power within a range of cost which will be economic. To be more specific, we now see the possibility of producing atomic power at a cost which will be comparable to the cost of power generated from a steam plant using coal at $8 per ton. This has important implications for both the raw materials and the research programs, implications which suggest that the time has come when the two programs should be more closely integrated.

I have mentioned previously that the two reactors at Chalk River were designed to use heavy water as the moderator and natural uranium as the fuel. The atomic power feasibility study which is now being carried out at Chalk River in co-operation with the Hydro Electric Power Commission of Ontario is aimed at the development of an outline specification for a power reactor which will also use natural uranium as the fuel. It will be obvious, therefore, that the availability of a continuing supply of uranium is an important factor in the feasibility study and the developments which must follow from that study. Fortunately, our efforts to increase the production of uranium have been successful. Eldorado has expanded its production at Port Radium and last June brought into production a new mine at Beaverlodge, Saskatchewan. At the present time the production of uranium is three times as great as it was at the end of the war. The prospector and the mining industry are also making a major contribution to the raw materials program. A discovery in the Beaverlodge area by a private company late in 1952 gives every promise of being a large producer. It is expected that this property will be in production late in 1955. Other discoveries have been made in the Blind River and Haliburton areas of Ontario, several of which will also be producers. We can now estimate that the production of uranium in 1956 will be roughly eight times as great as it was at the close of the war. While, as I have indicated, the immediate objective of the raw materials program is to produce uranium for military use, it is reasonable to expect that in striving for this objective we will obtain a knowledge of our uranium resources which would not otherwise be

available. The program, therefore, has a long-term as well as a short-term objective. Since it is not possible at this time to estimate the amount of uranium which will be needed for a large-scale civilian application of atomic energy we are fortunate in having a guaranteed market which will provide a stimulus to production pending the day when we will be able to establish the level of civilian demand.

The importance of atomic fuel as a source of power will depend on the cost of producing it translated into cost per kilowatt hour of electric energy generated. In one sense the problem might be said to be economic rather than technical, since it has now been demonstrated that it is possible to design and operate a reactor which produces heat. In fact the technical and economic factors are inseparable. All of the reactors now in existence were costly to build and are expensive to operate. Most of them were designed to produce plutonium for the military program. If there were to be a continuing market for plutonium it would be possible to treat the heat as a by-product and thus produce low-cost power. There are two objections to this approach. First, a reactor designed primarily for the production of plutonium would not have the most desirable characteristics as a producer of heat for the generation of power. Second, it would be unwise to assume that the military demand for plutonium will continue at the present level for an indefinite period. A cut-back in demand, or a cessation of demand, would throw the full cost of the reactor and its operation against the production of heat, with a resulting cost per kilowatt hour which would be prohibitive. Therefore, we must find a way of designing a reactor which can be made self-sustaining—economically speaking—as a producer of heat. This is the main objective of the research program at Chalk River. It is a job which requires great genius in fundamental research, and great skill in design and engineering. The organization of the Chalk River project reflects this twofold need. It consists of two divisions: a division of research and development, and a division of industrial operations. The first is engaged in fundamental and applied research in nuclear physics, chemistry and allied fields. The second operates the reactors and the other services associated with them. The activities of the two divisions are very closely related and highly interdependent.

Measured strictly in terms of dollars a research program of this breadth and magnitude must be costly. In assessing the need for the large expenditure required we must keep in mind the ultimate benefits, which it will bring to the Canadian economy.

Already we are beginning to reap some of those benefits. Radioisotopes produced in the NRX reactor for use in medical treatment and research, and industrial processes, are now available and their number and quantity will increase. The commercial products division of Atomic Energy of Canada Limited is responsible for marketing these isotopes and for developing new uses for them. This division will shortly move to a new building in Ottawa which is fully equipped with all the facilities needed for carrying out its program. It has been the policy to work closely with the medical profession and industry in the development of uses for radioisotopes. This policy will be continued and expanded.

The second benefit we hope to derive from the Chalk River project is atomic power. We can only assess the importance of this contribution in terms of the probable future power demand and the resources which will be available to meet that demand. If the current rate of annual increase in power demand, which is approximately 6 per cent, continues we shall require something like an installed capacity of 40,000,000 kilowatts by 1979, as compared with the present installed capacity of 10,000,000 kilowatts. Our total estimated hydro potential of 50,000,000 kilowatts, of which we are now using approximately 20 per cent, will certainly not all be available for use in existing industrial areas since many of the hydro sites are located in remote districts. It would appear that of the total estimated hydro potential of 50,000,000 kilowatts, some 30,000,000 kilowatts might be in use by 1979, leaving a deficiency of 10,000,000 kilowatts to be met from thermal sources. If conventional fuel-burning plants were used to supply this deficiency these plants would have to provide generating capacity equivalent to 100 per cent of our present generating capacity. This would mean an eightfold increase in our present steam plant capacity.

Any assessment of the cost of existing thermal sources in terms of the Canadian power picture as a whole is complicated by the fact that in some regions coal or oil, or natural gas, or all three, are available in substantial quantities and at low costs; whereas in other regions there are no indigenous thermal fuels. In the latter areas thermal fuels must be imported or brought from great distances within Canada. It is in these areas that atomic power should fill the gap, and it so happens that certain of them have experienced the largest increase in power requirements, a condition which is likely to continue.

While the figures I have used in this rough forecast of power requirements may be subject to future correction, the conclusion is inescapable that as our economy expands we must expect a continuing rise in power consumption. The availability of power will be a condition of our growth in the future as it has been a condition of our growth in the past, and it is within this context that the expenditures on the development of atomic power must be considered.

It is evident that if atomic energy is to make a major contribution to our power resources we must be self-sufficient at each stage in the process. We do not now enjoy this self-sufficiency. Eldorado's final product is an uranium oxide; whereas the fuel needed for the Chalk River reactors is uranium metal. At the present time the conversion of oxide to metal is carried out in the United States. That this should be so is simply a matter of economics. The volume of raw material production in Canada until recently did not warrant the production of uranium metal. With the increased production to which I have referred we think it may be possible to produce uranium metal in Canada at a satisfactory cost. As a first step in this direction Eldorado is installing a new and improved process in the Port Hope refinery. With this process it will be possible to refine a product which can be entered to a metal processing circuit without further purification. The alterations to the plant and the equipment required will cost $2,500,000. The work will begin immediately. The research and development division of Eldorado is also studying the technique of uranium metal production.

The Canadian program of atomic power development has not had the same publicity as similar programs in the United Kingdom and the United States. It should not be assumed from this that we are lagging behind in this new and important field. The quality of our effort is recognized by our British and American associates as being equal to that in the United Kingdom and in the United States. Possibly we have been overly cautious in our publicity policy. This seemed the better course until such time as the results of the research and development program could be expressed in reasonable concrete terms. We believe that time has now come. As a first step towards providing more information on the program, a power symposium was held at Chalk River last September. Certain of the papers presented at the symposium have now been published. As a second step it has been decided to set up an advisory committee on atomic power consisting of the senior executive officers of all the power commissions and power corporations in Canada. The purpose of this committee is to inform those responsible for producing power in Canada of the nature and scope of the program at Chalk River. We would also hope that the committee would assist in evaluating the possible economic importance of atomic power in the various regions of the country.

Under the provisions of the present Atomic Energy Control Act, the atomic energy control board has two main functions. First, it has the power, either directly or through other agencies reporting to it, to conduct research and production operations in connection with atomic energy. Second, the board has the power to make regulations. The proposed amendments to the act provide that the first of these responsibilities shall be transferred to the minister who is the chairman of the committee of the privy council on scientific and industrial research. The minister may cause activities in the research and production field to be carried out by a company or companies.

It is proposed that Eldorado Mining and Refining Limited will continue to have responsibility for production and procurement in the raw materials field, and that Atomic Energy of Canada Limited will continue to have responsibility for the operation of the Chalk River project. However, the name of the latter company will be changed to Nuclear Research Limited, a name more properly descriptive of the activities at Chalk River.

In order that the program in the two fields may be more closely integrated it is proposed to incorporate a holding company which will hold the stock of Eldorado Mining and Refining Limited, and Nuclear Research Limited. This company will be called Atomic Energy of Canada Limited. The company will be responsible for the over-all direction of the program including the approval of operating and capital budgets. It will report to a minister—the chairman of the committee of the privy council on scientific and industrial research—who will hold the stock in trust for Her Majesty.

By this means the raw materials and research programs will be under the general direction of a single agency as is now the case in the United States and in the United Kingdom.

The atomic energy control board will retain its present responsibility for establishing and administering regulations subject to the approval of the governor in council. The board will also continue to report to the minister who is the chairman of the committee of

the privy council on scientific and industrial research. I hope that the day is not too far distant when many of the regulations now in effect can be removed. The existing regulations affecting the disclosure of information on atomic energy are similar to those now in effect in the United States and in the United Kingdom. The declassification of information in the three countries is dealt with by a committee of which the three countries are the members. This committee has already recommended the declassification of much technical information. So long as the need for regulation exists, it is believed that the atomic energy control board as presently constituted is the best agency for dealing with the problem.

Mr. J. A. MacLean (Queens): Mr. Speaker, I must admit that as time has gone by in recent months I have become more and more anxious about Canada's position, as related to the United States and the United Kingdom, in the field of atomic research and development. This anxiety grew, I suppose, from reading the numerous and considerable reports of various achievements in both the United States and the United Kingdom in this field. After reading recent debates in the British House of Commons on the same subject one could not help wondering if Canada was maintaining its position relative to these other countries in this very important and highly competitive field, and if we were holding the very high position we had established during the last war.

I am pleased now to have some of this anxiety relieved by the statement of the minister. I must admit I was not counting on the characteristic he has just demonstrated, that of having hidden his light under a bushel for quite some time. However, I think the time has now come when as much publicity as possible should be given to the potentialities and possibilities of this new and great discovery, the use of atomic power for industrial purposes.

In that connection I should like to quote briefly from a news report resulting from an interview with Dr. C. J. Mackenzie, chairman of the atomic energy control board, and former president of the national research council who, in an interview with the Southam news services, made the following interesting statement:

> 1. The time has now been reached when there is real danger of the people of the western world slowing down atomic research by the enforcement of too-rigid security measures.
>
> 2. From here on, the less secrecy and the more people involved, the faster Canada and the world at large will be able to derive peacetime benefits from the atom.

I think those are very wise observations, because if we shut ourselves up in an air-tight chamber of security we may not realize the progress which is being made in other parts of the world, and we may fall into the error of tending to rest on our laurels or become complacent.

It is not my intention, even if it were in order, to attempt to review the whole field —and a very important field it is—of the activities of Canada in this matter of atomic research. However, there is one point upon which I should like to base my remarks for the next few minutes. I refer of course to the use of atomic energy for industrial purposes. I am delighted that the minister has now stated that we in Canada have reached a third stage of development in the atomic field, and that already a power committee has been set up for one purpose, among others, of making known to the main organizations in this country concerned with producing cheap electric power for industrial and civilian purposes a knowledge of the progress which has been made in relation to the use of atomic energy for those purposes.

Apparently in the United States for quite some time these possibilities have been vividly recognized, and the possibilities of the use of atomic power for industrial purposes has been greatly advanced by the high priority research done there in connection with the atomic powering of submarines. Recently in the United States they have launched a submarine which will have the capacity of sailing completely around the world without refuelling. Although I have no definite knowledge on this point, I should imagine that the power plant in a submarine of that type could be easily converted for civilian uses, provided it is economically feasible to do so.

Recently I read a news report setting out the opinion of an American expert in the power field. While, admittedly, this is only an opinion, it would be interesting to see what he said. This was his view:

> Power plants using atomic energy may be competing favourably in the next ten years with those burning oil, a widely known petroleum executive predicts.

I do not want to take up the time of the house by making extensive quotations to illustrate that point; but I think it would be of interest to bring to the attention of the house the progress being made in the United Kingdom in the field of atomic power as applied to industrial uses. Sir David Eccles, speaking in the House of Commons in the United Kingdom on March 1, had this to say:

> We are looking ahead beyond the race to pile up atomic weapons. Of course, at the moment the

production of weapons must remain the major task of the program, but such progress has been made on the civilian side, here and abroad—and no one wants Britain to fall behind—that no time should now be lost in preparing for the day when the civilian uses of atomic energy are as important to our economy as the weapons now are to our defence.

And he goes on to say further:

Now a change is taking place, and there is no need to develop the peaceful uses of fissile materials in the dark. Parliament and industry ought now to know what is going on.

I hope that that is an opinion which is shared by the minister, because I feel it is important that parliament and the country generally should be kept as well posted as possible in the possibilities of the uses of atomic energy for peaceful purposes in the years ahead. Because I believe if we are well posted it will prevent, on the one hand, a supposition that atomic power perhaps will make obsolete all other methods of producing power. On the other hand, it would ensure against the danger of the opportunities in the atomic field being passed by, by those who are concerned with the production of atomic power and in the use of atomic radioactive products in many fields of research and in other ways as well. Sir David Eccles went on to say further:

The government believe that there is plenty of room for international collaboration on the peaceful development of atomic energy. Here is the seed of great things to come. A generation from now, we may hope, there will be power stations all over the world operated by men trained in Britain.

In connection with international co-operation in this field, it is interesting to note that the United Kingdom is now a member of an organization which has been set up in Europe, called the European organization for nuclear research, the purpose of which is to co-operate in basic research into the question of atomic power.

I was glad to hear the minister say that there is close continuing co-operation between Canada, the United States and Great Britain in this field; but I would not like to think that the possibilities of even wider co-operation on an international scale might be forgotten. There is another quotation from the same speech in the British House of Commons which I found enlightening, in which Sir David Eccles recited briefly the development which had been made with regard to research into the application of atomic energy for the production of electric power. He said:

It looks as though the most important use will be for the generation of electricity, and the house may wish to know how we see the electricity program taking shape. At present, we are building the first atomic power station in this country at Calder Hall, in Cumberland. When this prototype has demonstrated the soundness of the design, the electricity authorities—the B.E.A. and the Scottish electricity boards—will be free to place orders for other reactors of this or improved types.

I am glad the minister has indicated that something parallel to this is anticipated in this country and will be, I hope, carried on in the near future, because certain areas of this country, especially the maritime provinces, which have been economically depressed for some time, might be put in a position to compete more favourably with the more highly industrialized areas of this country if it were possible to supply them with cheap electric power. The key to that problem might eventually, in the relatively near future, be found in the use of atomic energy for the production of power, because in the cost of this fuel transportation is not a problem. It would be possible to locate generators in areas where other types of fuel are not readily available in the immediate vicinity. Sir David Eccles went on to say with regard to another program:

But I now have to tell the house that our people are ready to go ahead with the far more powerful and dramatic project. It has been decided to build a big, fast reactor, of the "breeder" type, to which the minister of supply referred in the house on 26th January and 16th November of last year. This plant will be constructed at Dounreay, in Caithness. An enterprise of this kind requires a very large site—at least some hundreds of acres—in open country, but it must be within reach of a labour supply and the amenities of community life. It must be on the coast, both for the discharge of the effluent and to provide sea water for cooling. It also requires a very large supply of fresh water.

Dounreay meets all these requirements better than any other site. It has the further advantage that development there should make a very big contribution to the revival of the highlands.

Therefore in the United Kingdom they are already anticipating the taking of steps to correct the very conditions that exist not only in the highlands of Scotland but in certain areas of this country. I refer to the maritime provinces, and it is particularly applicable to the province from which I come.

I refer of course to the importance of international co-operation in the field of atomic research and in the sharing of knowledge in this field. The minister may say—and perhaps rightly so—that is more a question for the Secretary of State for External Affairs (Mr. Pearson); but nevertheless I think a great obligation rests with the Minister of Defence Production (Mr. Howe) to see that every facility is made available on an international scale which will forward the interests of the peaceful use of atomic energy without endangering in any way our defence program in that connection.

I was interested to read in the debates of the British House of Commons a paragraph

of a speech made by Mr. Eden in a debate on foreign affairs in connection with this very problem. This is what he said:

So far as Her Majesty's government are concerned—and who can doubt that it is the position of the Canadian government, too?—we shall do everything—

I hope Mr. Eden is right in having no doubt that it is also the position of the Canadian government. I continue:

—we shall do everything that lies in our power by contribution, direct or indirect, to bring about the success of these discussions on atomic issues. I can tell the house that we felt—I know that I did and I think my right hon. friend did also—the impact of this topic so tremendous on the whole of our thought and discussion that some of the things we have discussed—foreign office problems of detail—important though they are, seemed puny pawns in comparison with the great danger that these master chessmen present to the future of the world. I wanted to say that to the right hon. gentleman because I think it is our biggest issue in international relations.

Mr. Eden was referring to the possibility of international co-operation in the field of atomic research. I cannot express how strongly I feel, Mr. Speaker, that man's discovery of the release of atomic energy is by far the greatest step in a scientific way that civilization has made in this century. It is opening up a new era, and I hope that the government has a lively awareness of the implication which atomic energy holds both from the point of view of destruction and from the point of view of progress which can be achieved from the wise and co-operative use of atomic power in industry and in other ways. These possibilities are magnificently expressed by Sir Winston Churchill, in a speech he made in the British House of Commons not so long ago. If the house will bear with me I would like to quote from his speech because he expresses his views on the situation much better than I could. He states:

There is no doubt that if the human race are to have their dearest wish and be free from the dread of mass destruction, they could have, as an alternative, what many of them might prefer, namely, the swiftest expansion of material well-being that has ever been within their reach, or even within their dream.

By material well-being I mean not only abundance but a degree of leisure for the masses such as has never before been possible in our mortal struggle for life. These majestic possibilities ought to gleam, and be made to gleam, before the eyes of the toilers in every land, and they ought to inspire the actions of all who bear responsibility for their guidance. We, and all nations, stand, at this hour in human history, before the portals of supreme catastrophe and of measureless reward. My faith is that in God's mercy we shall choose aright.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, the minister this afternoon has introduced a bill which indicates that the government is proceeding toward what he termed the third stage of Canada's atomic development. This follows quite logically from the steps that the house, the country, and the government have taken in the years which have passed.

This is an amendment to the Atomic Energy Control Act which I think is in line with the conception that the house had when the minister introduced the Atomic Energy Control Act several years ago, in I believe 1946. I think probably one of the most interesting parts of the statement he made this afternoon, outside the mechanics of the bill itself expanding the power and looking for methods of co-ordination and control in the development of this great source of energy, was the fact that already at the Chalk River plant atomic power production is in sight, and that it is in sight in an economic way so that ere long we may have the production of atomic power produced electricity based in cost on the equivalent of coal at $8 per ton.

That, it seems to me, is a very interesting announcement, and marks a very important achievement for our plant at Chalk River. Having visited that plant on two or three occasions, and having met the people who are in charge of it I have been deeply impressed by the ability and by the energy of the scientific officers who are directing the work there, and also by the enthusiasm of those young scientists who are occupied in the actual development of the project itself.

I believe that had it not been for the fact that the world discovered atomic energy in the closing days of the war, or perhaps it is more accurate to say during the war, then greater progress might have been made in the industrial use of atomic power. Unfortunately, most nations who discovered or developed atomic energy have been engaged in a race to produce atomic weapons of war, while Canada has not been engaged directly in that race. Consequently, the efficiency of our reactors, and the fact that we have now proceeded along the way to the point where the economic production of atomic energy for electrical purposes is in sight, is, I think, something of which we may be proud, and for which we may feel grateful.

I share the view that what we are going to experience in the next few years is something in the way of a new and more profound industrial revolution. Those of us who know the history of our present industrial system know that when coking coal was discovered in the early part of the eighteenth century combined with the discovery of the power of steam a little later by Thomas Watt, the results brought about an industrial revolution, and then when we had electricity

and the development of electric power from coal, and subsequently from hydroelectric power, we once again saw a great forward movement of industrial production and expansion.

I think we can all agree with the closing words by Sir Winston Churchill quoted by the hon. member for Queens (Mr. MacLean) to the effect that what mankind will see in the next generation will dwarf anything that mankind has seen in any similar generation in our history. That is, of course, if we are wise enough to maintain the peace of the world, and if we are wise enough to co-operate with other nations in exchanging scientific views and the results of research among the nations.

I think one of the limiting factors over the last few years has been the fact that there has not been this free exchange of scientific information. We have had only limited exchange between Britain, Canada and the United States owing to the fact that so much of the information was classified and on the secret list. Thus we have not been able to make the exchange of information that would perhaps have been beneficial to us all.

This possibility of an industrial revolution, not only in our own country and countries like ours, but all across the world is, I think, self-evident.

As was pointed out this afternoon, the transportation of fuel for atomic energy will not require the hundreds of railway cars such as are now required in the transportation of coal, because quite small quantities of fissionable material can be transported to the ends of the world. Not only will that perhaps help areas such as the maritime provinces in Canada, and I hope that will materialize, but it will assist in many of the backward areas of the world where there is no hydroelectric power, where there is perhaps no coal, or if there is coal it is not yet developed, or its development would be very costly in terms of money and labour. Also where there is no oil or natural gas atomic energy may solve the problem of producing power required for the industrialization of what we sometimes term the backward areas, or which might better be described as the undeveloped areas of the world.

This bill which is introduced today is one to which I think we should give our support. It does, of course, give the minister even wider powers than he has today, but in the development of atomic energy I think that is quite justified.

I also wish to say that I think the idea of now centralizing the various phases of atomic power research and development is a wise one, and the setting up of a holding company to centralize this control is also wise. The bill gives the minister power to set up subsidiary organizations as they become necessary, and I am glad to note, and I think it is the only way that atomic energy development can be undertaken, that the original conception of carrying out at least the main features of atomic development are to be kept carefully under public control. That is the situation in Great Britain.

As we move along I am sure that we shall find it economic and useful to preserve the control within the orbit of government, responsible to this parliament or to the provincial legislatures. That does not mean to say that certain results of this control and of development should not be made available to industry. I am not arguing that way at all. What I am arguing is that atomic power, as such, is too important to be allowed to pass away from the complete control of the public authority. I have been here long enough to have heard even outstanding Conservatives as well as others express regret that in former days some of the great resources of the country were allowed to slip from the public domain.

This bill carries forward the original idea which the minister and the government presented to the house in 1946. I was impressed also by what the minister said about the possibility of the demand for electric energy in the next few years. I think he said that by 1979 we would require 40 million kilowatts. That is a tremendous increase in electric power. As he said, while we have in this country a potential of hydro power which is much greater than that, nevertheless much of that potential is so far removed from the centres of population that it may not be economically feasible or desirable to use that hydro power. Consequently, if we have this alternative source requiring less in the way of heavy equipment and certainly less in the way of mining coal and transporting coal from one part of the country to another, we have an asset that may be of inestimable benefit to this expanding country. I am saying now that I share the view of the minister—and I believe it is that of most members of the house—that this country is going to expand and is going to become greater than we have yet known it.

I sometimes look back over my nearly 45 years in the country, particularly in western Canada, and remember that some 30 years ago I shared the view of a good many people, on the prairies at least, who thought that we had passed through the pioneer stage of the country and were approaching, as it were, the zenith of our production. How wrong was

that opinion of 30 years ago! In the last 10 or 15 years we have been able to see that we are only on the verge of the great expansion this country will see, with its remarkable resources.

As the minister pointed out this afternoon we are extremely fortunate indeed to have discovered, in recent years, rich deposits of uranium. Apparently they are more widespread than we thought they were. In the northern parts of the prairie provinces, and particularly in my own province of Saskatchewan, valuable finds have been made and valuable developments are taking place in the production of this source of atomic power. But at Blind River and elsewhere in Ontario and probably, from some indications, in the maritime provinces other sources may be found.

Then of course we are not limited to uranium. We now know that there are other sources which may be available to us and which may be mined in this country in the future. While at the moment we know less about those sources than we know of uranium, nevertheless they may yet be sources of great power. This country is so highly mineralized and so richly endowed by Providence, or by nature, as you will, with these valuable minerals and resources that it seems to me that Canada has a great future based upon energy derived, in part at least, from atomic power. Consequently it is important that this house should support the minister and the government in legislation of this description which preserves to the people of Canada, through the parliamentary institution, the direction and control of what, it seems to me, is in the future to be the greatest source of power bringing about an industrial revolution which the mind of man yet perhaps can scarcely conceive.

My hon. friend spoke of the blessings that this development might bring to the peoples of the world—if we can maintain peace, if we can exchange information and so on—in terms of improved standards of living, in terms of increased production and in terms of leisure. After all, if we have the means for the right use of leisure and if we educate our people to the right use of leisure and provide them, of course, as I said a moment ago, with the means to enjoy that leisure—I refer to the cultural means—the world can look forward to something better and greater than it has ever known. I believe that atomic energy will be one of the vehicles to bring about a great industrial and social revolution. As we speak of the industrial revolution of 200 years ago, so shall future generations speak of the industrial revolution in the second half of the twentieth century. In the generations that come after us I believe the great source of power that we are now developing in Canada and that has been developed in other parts of the world—if, as I say, we can only come to international agreements on the use of these resources—will give to the world an opportunity for a better life than we can even faintly visualize at the present time.

Mr. Solon E. Low (Peace River): Mr. Speaker, I find myself in support of the principle of the bill. As I understand it, the minister is asking the house to grant the government the right to set up a holding company in order to co-ordinate the research and development aspects of nuclear energy in this holding company. I think that it is a natural and logical development for what the minister said was the third phase of this type of work into which we are now entering. I believe it is wise to have this holding company reporting directly to the minister so that he can keep his finger on it constantly, because we are indeed entering into an extremely important phase of this nuclear development and research.

I was keenly interested in what the minister had to say this afternoon. From his speech it is evident that Canada retains her preeminence in the field of atomic research and development. At various times and places I believe the feeling has been expressed that maybe we were losing out somewhat, but I doubt that greatly. I have been on that committee of the house which has concerned itself with investigating our Chalk River plant and all phases of atomic energy. At Chalk River I have seen a top-flight crew of scientists and technicians.

From my conversations with all those with whom I have had a chance to talk who know anything about this field—and I am not speaking now of the scientists and technicians at Chalk River but elsewhere—I think it is admitted by all who know anything about such things that in many aspects of the development of nuclear energy Canada leads both Britain and the United States. It is because I think that is so that I believe it is important, both from the point of view of the short and long-term objectives, that we keep ourselves right up in the front line. Because I believe that the very large expenditures spoken of by the minister this afternoon that we are now making and propose to make in the future are in my view completely justified. I think we should not hesitate to spend what money is required to keep Canada in the forefront of those nations that are developing nuclear energy.

The minister said this afternoon that we are not now self-sufficient in uranium metal.

We are producing very largely uranium oxide which has to be converted into metal in the United States. I was pleased to learn from his speech that Eldorado is now contemplating the development of a plant and up-to-date machinery, at Port Hope I believe, for the purpose of converting the oxide into the metal. I think that is also a very wise phase of our development. Certainly there is no good reason why we should send the oxide to the United States and then bring back the metal if in a competitive way and at prices that are reasonable we can convert the oxide into the metal.

I also found what the minister had to say about atomic power development in Canada intriguing. Like the hon. member for Queens (Mr. MacLean) and the leader of the C.C.F. party (Mr. Coldwell), if I let my imagination go I could have a great time conjuring up pictures of what can happen in the future. I suppose that even now we cannot imagine the things that can be developed as a consequence of the peacetime use of nuclear energy. We think that perhaps some of the things we imagine at the moment are wild pictures, but I doubt it. I think that the possibilities are almost unlimited, and as time goes on and if we can, as has already been so well said, put our whole energy into the peacetime development of nuclear energy and apply it to our own economy and the economies of the world through the free interchange of materials and information, mankind can be the great beneficiary of things of which he little dreams today.

But there is this to be said as we go along and develop our nuclear energy and apply it to the development of power and to production purposes in this and other countries in the world. It seems to me that concurrently we will have to develop to a finer point of efficiency our distribution machinery because it certainly is not beyond the bounds of possibility that with the application of nuclear power to industry we can multiply our total production several times while at the same time reducing the amount of human power and energy required. That in itself would be a great subject for some considerable research.

It seems to me we will have to do some work along the line of perfecting our distribution machinery because if we cannot distribute what we now produce how in the name of common sense can we hope to distribute the great bulk of materials we can produce through the use of nuclear energy and power? I was glad to hear the minister say that it was his intention to set up an advisory committee on atomic power. I think that opens up very interesting possibilities. Surely those men and agencies throughout the country concerned today with the production of power in any way will be able to contribute much to the discussions that will take place and will doubtless be of great help in developing the policy that will apply in the future to the kind of thing that we are now talking about, power development through the application of nuclear energy.

I think the minister's idea is good. I do not want to prolong the discussion today but I do want to say that I think the minister is perfectly justified in asking for this legislation. I do not think the bill gives him undue power at all. I believe it makes it possible for him to keep his hand a little more firmly on the development that will take place, and I am quite in agreement with those who say that we will have to retain control of both research and development in the field of nuclear energy for some time to come. But I believe at the same time that every effort should be made to achieve the widest possible exchange of information within the necessary restrictions that are placed upon us because of security reasons. I think I can go along with the minister and I certainly support the principle of the bill.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, the Atomic Energy Control Act will give the atomic energy control board the power to conduct research and production operations with respect to atomic energy in Canada. It has become apparent that it would be desirable to place these operations under a board under the jurisdiction of one minister, with the board reporting to the minister. I am sure that we know that rapid strides have taken place in the last decade in connection with atomic energy. We were not aware until the statement of the minister today of the great potential that exists for Canadians. Much credit for this great development must go to Canada's able scientists under the dynamic leadership of the Minister of Defence Production (Mr. Howe). However, I feel that the words "atomic energy" will, whenever used, conjure up in the minds of most Canadians a picture of horror, total destruction and the very annihilation of life itself.

We have heard of the lethal qualities of atomic energy, of the destructive capacity of the A-bomb and the even greater volume and gigantic destructive capacity of the H-bomb. I think members of the house and people generally have expressed concern with regard to this destructive quality. In the house on April 14 last hon. members expressed their opinions on this subject and questioned the

Secretary of State for External Affairs (Mr. Pearson). On that occasion he stated, as found at page 4073 of *Hansard*:

> The United Nations general assembly, by resolution of November 28 last year, suggested that the disarmament commission—

On which Canada is represented.

> —would seek by agreement to work out arrangements for the elimination of all major weapons adaptable to mass destruction, and for effective international control of atomic energy to ensure the prohibition of atomic weapons and the use of atomic energy for peaceful purposes only.

Subsequently, on April 29, 1954, the Minister of National Health and Welfare (Mr. Martin), acting as Secretary of State for External Affairs, reported to the house that a subcommittee of the United Nations on disarmament had been formed and that Canada's Secretary of State for External Affairs would be Canada's representative on that commission. This should result in substantial progress being made in the finding of a solution to the problem of the destructive features of atomic energy. All members of this House of Commons, and citizens of Canada, will utter a prayer and express a fervent hope that atomic energy may never be used anywhere in the world for these purposes. I fear that we have placed far too great an emphasis on the wartime efficiency of this great discovery, and we have not looked to the peacetime uses of atomic energy which could bring great advantages and benefits to our people.

Today we welcome the words of the Minister of Defence Production, who has dealt practically entirely in his remarks with what might be done in the way of peacetime advantages of this great force. If the use of atomic energy could be directed along proper channels, much happiness and consolement may come to suffering humans. I gather that great efficiency can be made available to the great industrial machines of this country and the other countries of the world.

As I am not a scientist I shall not attempt to explain the chemical reaction that goes on to produce the breaking up of nuclear fission. I shall content myself with bringing to the mind of the members, Mr. Speaker, the one principal objective of the peacetime use of atomic energy, namely the production and use of radioisotopes which have been referred to by the minister this afternoon for medical, industrial and research purposes. While the use of isotopes is international, it seems best to me to discuss particularly the Canadian program. We are all proud in Canada of the atomic reactor that has been developed at Chalk River, and also of the diligence which has been applied to the production and distribution of isotopes which come from it.

What is a radioisotope? It has been defined as an ordinary element which has had its atomic masses increased by the capture of the neutron. Its chemical and physical properties remain the same except it decays giving off radiation.

What are the practical applications of radioisotopes? In the field of chemistry, atomic energy has a wide use in tracer studies and the separation and discovery of various elements in chemical analysis. The isotope can be used in industrial development to study foundation movements and the porosity of soil. The amount of moisture in soil can be definitely ascertained by making assays to determine the content. With regard to soil movements and disturbing equilibrium conditions, economic savings are probably to be found in preventive measures. A good knowledge of soil moisture content can simplify construction and reduce maintenance costs.

Static electricity causes time loss and fire hazard in a number of industrial operations. The use of radioactive static eliminators, developed and sold by Atomic Energy of Canada Limited, has become widespread. In the case of the ordinary printing press, these static eliminators, I am told, by providing machine-jogging for presses rather than hand-jogging will save in one day $200 or $300 a bar, the cost of the static eliminator. The cost of the bar, therefore, would be saved in the first day's operation. It is desirable to eliminate static from rotogravure operations in printing, as there is a great fire hazard because sparks from static electricity may commence a fire in the inflammable ink. Today the newspapers of Canada are now employing these bars which are also sold by Atomic Energy of Canada Limited.

Another example of the use of the portable neutron is the logging of petroleum boreholds. I am informed that they have been found very useful in western Canada. There is, of course, the possibility of atomic energy being used in the development of electricity, and that has been dealt with fully today by the minister. It seemed fantastic that within a period of three to five years we should be able to provide for industry in this country great sources of electric energy that are urgently needed. It was reported in the newspapers the other day that the chairman of the Ontario Hydro Electric Power Commission had stated that they would be able to develop power within the course of five years. From the lips of the minister today, it would seem that this is not beyond the realm of possibility.

I come now to what seems to me to have been the greatest development in atomic energy, the discovery of a form of treatment for mankind. A notable milestone in Canada's cancer program was the development by Canadian government scientists of the cobalt 60 beam therapy unit. This apparatus, which provides a new and potent weapon to combat cancer, has received world-wide recognition and places Canada among the leaders in the fight against cancer. The demand for these units, both here and abroad, is greater than can be met by the crown company, Atomic Energy of Canada Limited, which is still the world's only producer of this equipment.

It is just about three years ago since the first cancer patient underwent treatment of this kind in London's Victoria hospital. While the government scientists have been working on the development of cobalt 60 apparatus, similar equipment was developed by Dr. A. E. Johns independently in Saskatoon. Shortly after, government-built units were installed in Montreal, Toronto, Vancouver and Winnipeg. Only about a month or five weeks ago a new unit was installed in the city of Hamilton. The installation of Hamilton's unit brought to six the total number of units now in use in Canada. Canadian-built equipment has been provided for hospitals in the United States at New York, Chicago and Minneapolis. Atomic Energy of Canada Limited has provided units for hospitals in London, England, and for a medical centre in Italy. Plans are now being worked out, in co-operation with provincial authorities and professional men in the cancer field, for the development of a program which will provide these units across the country. I might say that the Department of National Health and Welfare has had a great part in the distribution of these units to the various medical centres throughout Canada. It is the hope of Atomic Energy of Canada Limited that cobalt 60 units may be provided in every province, and particularly in those centres which have university students and university laboratories. The university centres may expect great progress in this field.

At the present time, as we have been told by the minister, Atomic Energy of Canada Limited is building a new and more powerful reactor which will increase the supply of cobalt available for the purpose, and it is expected that by December of this year it will be possible to step up the production of therapy units to two each month.

In my own province of Ontario there are already three units in operation. I understand that two additional ones are to be built in the new Ontario cancer institute in Toronto. It is hoped that additional units will be provided in Windsor, Ottawa, Kingston and Port Arthur.

Only a short time ago I read in the newspapers that Mr. J. W. McConnell, an outstanding and philanthropic citizen of Montreal, had contributed one of these therapy units to the Royal Victoria hospital in that city at a cost of $80,000. I am sure that for those who are interested in the welfare of mankind, and who have the means to do it, may well contribute to this most worth-while charity. I commend Mr. McConnell for his most humanitarian act.

Great care must be exercised in the transportation of the cobalt bomb. The bomb consists of a small box about an inch and a half square filled with small pellets of cobalt that have been rendered radioactive by a year's cooking in the atomic reactor at Chalk River. It is encased in a huge lead box, about four feet long and two feet in diameter, in order that no danger will come to those who come in contact with this substance.

The treatment room is square and roomy. The operator works from a room adjacent, and is enabled to see what is going on by looking through a glass. The bomb sits in the centre of the room and the technician operates the machine from a radio-like box. Cobalt 60 radiations do not offer a positive cure for all forms of cancer. However, its rays do provide a means of treating certain cancerous conditions more effectively than with either radium or X-ray. Moreover the new cobalt 60 units provide cancer treatments at a much lesser cost than was previously possible.

One cobalt 60 beam therapy unit costs in the neighbourhood of $60,000 to $80,000. It produces more radiation, I am advised, than medically-used radium worth millions of dollars. In contrast to the X-ray, the cobalt unit can do the work of a two-million-volt X-ray machine, which would cost about four times as much to build.

The development of the cobalt 60 beam therapy unit has brought treatment within the reach of millions of people in our community to whom otherwise this treatment would be denied. The development of this unit by the Canadian government is an achievement not only by the administrators of the plan, and the scientists of Canada, but also by the people of this country.

Today it has been my purpose to bring to the attention of hon. members, and to Canadians generally, the peacetime uses of this great force. I suppose that in a humble way we are doing something in the house today to encourage further development, and to

see that it is kept within the control of responsible authorities, in order that, in the future, people may have the benefit of these discoveries. It is in this spirit that we are endeavouring to expand and to promote the activities of Atomic Energy of Canada Limited, under the direction of one of Canada's outstanding ministers, the Minister of Defence Production.

Mr. Howard C. Green (Vancouver- Quadra): Mr. Speaker, the hon. member for Queens (Mr. MacLean) has spoken for the official opposition on this bill. He presented the case very well, and I have no intention of trying to paint the lily.

However, there are four or five questions I would ask the minister to answer when he closes the dabate. In the first place the bill does give him a great deal more power than he has under the present act. I would ask him to explain in somewhat more detail than he did when opening his remarks the difference between control in Canada and that in the United States and the United Kingdom.

When the Atomic Energy Control Act was passed in 1946 the position was that the minister of supply in the United Kingdom had very wide powers. However I believe those powers were reduced somewhat recently, and that the trend now in the United Kingdom is in the other direction. Then we know that from the beginning they have had in the United States an atomic energy commission with very wide powers. I would ask the minister to tell us whether any member of the cabinet in the United States has powers as extensive as those which will be in the hands of the minister in Canada who will be designated by our cabinet, once this bill becomes law.

My second question has to do with the position in which the elected representatives of the people will be placed. In the United States they have a committee composed of members of the Senate and of the House of Representatives. That committee was set up in the beginning. It sits each year and, of course, has very wide powers.

In Canada we have followed the system of having a special parliamentary committee, and such a committee has been appointed twice in the last eight years. I would ask the minister to explain what he has in mind along that line for the future. Is it the intention that a special committee shall be appointed occasionally, or does he think Canada has now reached the stage in its atomic development where there should be a standing committee of the House of Commons? It may be that he has some other suggestion for keeping the membership of the house informed of what is going on in this new field. I realize of course that this is difficult. It is not as easy to work out a plan for keeping the house posted as one might think. However I would ask the minister to tell us what he has in mind in that connection.

In his remarks he said the government now plans to produce uranium metal in Canada. I think he said that we had been producing uranium oxide, but that has been sent to the United States for the final refining processes, and we bought back the finished metal uranium. Apparently the plan now is to instal such new equipment in the refinery at Port Hope that we shall be able to do the whole processing in Canada. I agree with that proposal. It is very much worth while, and I always like to see as much of this manufacturing as possible carried out in our own country. But last year the position with regard to the uranium ore was that there was not one privately-owned mine actually in production. There had been a great deal of prospecting and a great deal of publicity about uranium finds, but I was surprised to hear in the special committee on atomic energy that no privately-owned mine was actually in production at that time. The minister said today that there would be one mine producing in 1955.

Mr. Howe (Port Arthur): There is one mine producing. Rix-Athabasca is producing at the present time.

Mr. Green: When the minister closes the debate I hope he will give us some further details about that situation. Is the reason that there are no more producing mines at the moment the fact that there is too tight a control on the uranium ore? Is that why we have only one producing mine at the present time, apart from the mines which are being operated by an agency of the government?

Then the minister mentioned that he has set up or is going to set up an advisory committee on power. That is a very wise move; but the last time we were informed on this question the advisers were nearly all from Ontario and Quebec. There was a very small representation of power men from the maritimes, and from the prairie provinces, but none at all from British Columbia. I do believe that this atomic energy power could be sent to the areas in Canada which are short of hydro power. That has been dealt with by two or three of the members who have spoken earlier in the debate. The hon. member for Queens mentioned the maritime provinces. Saskatchewan, too, is in great need of power.

There will have to be some definite policy adopted by the government to place this

power in those areas in the country where there is a shortage. I do not believe that will ever result from an advisory committee on power which has a majority of men who are associated with the Ontario hydro or with the Quebec hydro or with the power corporations which are in the power business right here in central Canada. That is only natural, since more power is developed here and bigger corporations are here. I can quite understand that representatives from this part of the country should predominate on the advisory committee, but I am afraid that will not solve the problem of diversifying production in Canada. In some way we must adopt a policy of putting this atomic energy to use primarily in the maritimes and in Saskatchewan where they are short of hydro power. I would ask the minister to deal with that also when he closes the debate.

One other thing that should be explained is the effect on this program of international control of atomic energy. Perhaps the Secretary of State for External Affairs (Mr. Pearson) is the one who should answer that. I am not sure which minister should deal with it. Canada throughout as a nation has favoured international control of atomic weapons in any event, and quite properly so. That reflects the wishes of practically everybody in this country, and I hope it will not be long before some effective type of international control will be in effect. What will that do to our own plans here for the development and use of atomic energy? Will the international control affect only atomic weapons? Of course we are not producing them. Will it just affect the production of uranium? To what extent will it enter into the use of atomic energy for peacetime purposes? These are the five questions I would ask the minister to deal with when he closes the debate.

In conclusion I would say that we can all be justly very proud of Canada's position in the atomic energy field. I give great credit to the minister and to Dr. C. J. Mackenzie who has done a marvellous job in this field, and to Dr. Keys of Chalk River, and to the other men working with the ones I have mentioned who have done such a good job and have done it in such a wonderful spirit. I have never encountered a finer spirit, except perhaps in the Canadian corps in the first war, than I found up at Chalk River when we visited there on two occasions. These young Canadian scientists are doing a grand job. They are very proud of the work they are doing and they are rendering a wonderful service to Canada.

We are in this fortunate position because during the course of the war we became associated with the United States and the United Kingdom in the production of atomic energy, and also of course because we have large supplies of uranium. I think Canada is the third largest producer. That was the position a year ago. Perhaps we have moved up to second in the intervening period. We got in on the ground floor in this particular field, and I am very glad to see that the minister's plans are to keep Canada in that favoured position.

Mr. C. E. Johnston (Bow River): Before the bill receives second reading there are one or two words I wish to say about it. I was concerned when I heard the minister say that power could be produced from atomic sources which would equal the power produced from coal at about $8 a ton. I would not for a moment suggest that we should curtail the progress made in atomic energy, and particularly as it will apply to our industrial output. I think it is a sign of progress, just as much a sign of progress as is the development of our coal and gas; but it does raise a problem which is exceedingly important to this country, namely, what is going to happen to our coal mines? We have a great deal of trouble now in maintaining even a semblance of a coal industry. I read in the papers yesterday that the coal mines in Alberta are going to be reduced again this year by over 1,000 miners.

Two years ago they were reduced to the extent of about 2,000 miners. That is a considerable decrease in the number of miners who are employed in the coal mining industry. If we have the St. Lawrence project developed as expected we are going to produce another abundance of electric power for central Ontario which means that that too will enter into competition with coal from western Canada and eastern Canada as well. We have this new atomic energy program which is going to compete directly with coal as an energy producing product, and, indeed, the minister has even gone so far as to say that those in charge of these new atomic sources calculate that it will compete with the energy produced from coal at $8 a ton.

We out in western Canada certainly cannot place coal down here at $8 per ton, nor can they do so from Nova Scotia, or the provinces of Quebec or Ontario at that price. I am not suggesting to the government at this time what method they should adopt to keep the coal industry alive in view of the fact that we have this new form of energy entering into competition with the products of that industry, but it seems to me the government is going to have to assume the responsibility in some way or other for continuing to maintain our coal industry, at least at that level where we can call upon it in the event of an emergency.

The coal industry is rapidly dying out and if we were to call upon it immediately I am sure it could not even begin to meet the demand. In view of the development of atomic fuel it may be necessary to take some very drastic action in the form of subsidizing the coal industry, or we may have to curtail some of the imports of coal from the United States. It may well be that we will have to devise some method involving both these prospects. But it does seem to me, in view of the statement made by the Minister of Defence Production (Mr. Howe) in regard to the production of power from atomic energy, that something must be done to maintain the coal industry in both western and eastern Canada. This danger faces us now and unless something is done to help out that great industry we will not have it available when it may be required in order to defend our country.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, the hon. member for Bow River (Mr. Johnston) raised what could be a very serious problem and what in any event is a very impressive point. What he has done is to bring quite vividly before the attention of the house the cost of technological advance. I am sure there have been groups throughout all history who have been badly hurt by technological advance, but perhaps when we are in the stage of civilization such as we have reached today one can expect the government to come to the aid of those who have been so hurt.

But I do not think the hurt is going to be quite so immediate as perhaps the hon. member for Bow River fears. While it is possible that the pilot plant we have at Chalk River can produce electricity on the same basis as a company could produce with coal at $8 per ton, nevertheless I do not think this sort of production is going to be attained throughout Canada for some years to come.

I was interested in the suggestion by the hon. member for Vancouver-Quadra (Mr. Green) that there should be a committee of this house considering the matter of atomic energy. I think a committee of the house to examine the situation would be desirable; for example, it could look into the various aspects of the production and operation at Chalk River. However, I doubt very much whether it would be of great assistance apart from that.

In his speech the minister stated that perhaps the government had been overly cautious in publicity. That is the first time I have heard a cabinet minister get away with a statement like that for a long time without hoots of derision. It is true that the government has been overly cautious in publicity with the result that the people of Canada do not know what is going on. If I can speak for myself, I think members of parliament do not know what is going on. It is highly advisable that we should know and perhaps we can pick up an example from the United Kingdom.

In the United Kingdom they have a parliamentary and scientific committee. It is an entirely voluntary committee, not set up by the government; it is created by the members themselves. It is open to all members of parliament from all parties, from the House of Lords, and also to nominated representatives of certain scientific and technological organizations. This committee is its own master and it has nothing to do with the house except that its membership is restricted, as I have said, to members of the House of Commons and the House of Lords. The aims of the committee are these, and perhaps I should read them.

1. To provide members of parliament with authoritative scientific information from time to time in connection with debates.
2. To bring to the notice of members of parliament and government departments the results of scientific research and technical development which bear upon questions of current public interest.
3. To arrange for suitable action through parliamentary channels whenever necessary to ensure that proper regard is had for the scientific point of view.
4. To examine all legislation likely to affect the above and take such action as may be suitable.
5. To watch the financing of scientific research.
6. To provide its members and other approved subscribers with a regular summary of scientific matters dealt with in parliament.

I for one would find such a committee most useful but it is up to members of parliament themselves to set up such a committee, and perhaps those of us who are interested might get together next session with that end in view.

The sort of matters which were discussed before this committee were, for example, when Sir John Cockcroft came before it to describe the progress of atomic energy development in Great Britain, and when Professor Zuckerman described what science and technology can contribute towards overcoming shortages of essential raw materials. Then Dr. James Conant was invited to address the committee on Anglo-American scientific relations. These are all matters in which we ourselves are interested and I am convinced such a committee would be of great value to members of parliament, though we have to do that job ourselves rather than ask the government to do it for us.

There is one point I would like to make in connection with the minister's speech. I have never in my life accused the hon. gentleman of being a pessimist, for I think

he is the most outrageously optimistic member of the cabinet. Yet the figures of production of electricity he gave us, although startling, are pessimistic. He said that the current installed capacity of electric power is about ten million kilowatts, and 25 years from now it was estimated that it would be about 40 million kilowatts. Fantastic as that figure is I suggest it is quite conceivable that it could be much more. The right hon. gentleman said the rate of increase in consumption of power is about six per cent per annum. I think that rate of increase will increase still further as the years go by and within 25 years we are going to find ourselves, not only in Canada but in other countries, crying out loudly for power.

I am sure the minister knows as well as I do about the researches carried out into the matter of available materials for the creation of energy which exists in the world just now. An American has created a unit known as "Q". This unit is the equivalent of one billion billion British thermal units.

The figures are so vast that I can hardly conceive them, but he has made certain inquiries into the situation and his belief at the moment is that our present world consumption of energy is at the rate of some 20 Q's per century. By the time we come to the year 2,000 he estimates that consumption will be 100 Q's per century, or 100 billion billion b.t.u.'s.

Again, according to this gentleman, the known reserves of fossil energy—that is coal, oil, gas and so on—amount to about 80 Q's. Within a predictable number of years—within 75 years perhaps—we shall have used up all the known fossil reserves of energy in the world. It is therefore highly essential that we start now and examine much more carefully into the possible uses we can make of nuclear energy.

The minister said that it is expensive. I do not for a moment deny that it is. But I do not think we have been spending enough money on this aspect of governmental operations. For instance, two or three years ago there was an accident with regard to the NRX reactor and I believe—and here I am subject to correction—that the expense involved in bringing the NRX reactor back into working trim was taken out of the current budget. If that was so, did it not have an adverse effect upon the research which should have been carried on during these months and years? I think more money ought to be spent in this sort of basic research because it is vitally necessary.

I do not believe that nuclear power is going to be the last word in energy either, because surely it is merely a transition from fossil energy to solar energy of some type or other. Very shortly our whole attention will have to be concentrated upon solar energy because there is only a known quantity of uranium in the world which can be built up, unless we manage to succeed in creating breeder plants, something which has been done in some measure in the United States but which has not yet been done in Canada, apparently, according to what the minister said. I would imagine the next step is to concentrate our efforts on creating a breeder plant. When we do that we shall then be in a position where we can approach those provinces which are especially in need of power and, with the help of the federal government and through public ownership in the provinces concerned, build breeder plants in those provinces in order to give them the power which they need.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I intervene in this discussion merely to deal with one question which has been raised by my friend the hon. member for Vancouver-Quadra (Mr. Green), namely what provision has been made for and what is being discussed in relation to international control of atomic energy.

As the house knows,—indeed it was referred to this afternoon—a proposal was made by President Eisenhower last December by which there would be international co-operation through the United Nations in the peaceful use of and the peaceful progress that might be achieved through atomic energy. That proposal, which visualized a central international agency to which the contributing countries would make available raw material, which might itself construct a reactor for scientific purposes or which might help other countries to build reactors, has been initially discussed between the United States and the U.S.S.R. on a bilateral basis. The other countries chiefly concerned, including Canada, have been informed of the results of those discussions.

At the Geneva conference there was a meeting between the secretary of state of the United States and the foreign minister of the U.S.S.R. at which the reply of the U.S.S.R. was given to the approach made by the United States on this subject. That reply was discouraging in so far as the participation of the Soviet union in this international endeavour was concerned. The question now for consideration is whether those countries who wish to participate in such an international enterprise should go ahead without the U.S.S.R.

This project, however, has nothing to do with the international control of atomic energy for destructive purposes. As my hon. friend knows and as the house knows, that subject has been under discussion for a good many years, beginning back in 1946 when the United States, which then had sole possession of the atomic bomb, made certain proposals which would have brought the use of atomic energy for destructive purposes under international control. Those proposals and others have been discussed from time to time at the United Nations but, as the house knows, no agreement has been possible in respect of them.

As I mentioned in the house last week, at the present time a subcommittee of the disarmament committee of the United Nations is pursuing these discussions in London in private and in restricted session, in the hope that in that way—in view of the developments that have occurred since we first began to consult on this problem; tragic developments indeed if they are used for wrong purposes—this might make possible the kind of progress that we had not yet achieved. As I indicated last week, these discussions are still going on.

I noticed in the press the other day one optimistic statement as to the progress that has been made in London. From my contact with these discussions—and I attended some of the meetings—and from the reports which I have since received, I have not been able to arrive at any such optimistic conclusion. The difficulties have been clarified, but up to the present time at least the gap between the two positions with respect to the international control of atomic energy has not been closed.

All I can say is that while one cannot, I think, be too optimistic, the talks are still going on. If these talks were successful and if an international agreement for the control of atomic energy could be concluded—and we must all hope that it can one day be concluded—any agreement that we have been considering up to the present would not, I think—unless it included provision for international ownership of materials and processes —interfere with national development in this field for constructive purposes. It would merely deal with the use of atomic energy for destructive purposes. But even if you did not have international ownership, such control would require some form of international inspection and control inside national territory in order to make sure that atomic energy was being used for constructive purposes only and that the provisions of the agreement were being carried out. But that kind of inspection and control, and if international ownership were not included in any agreement which we might make, should not interfere with national progress in this field.

The Acting Speaker (Mr. Applewhaite): If the Minister of Trade and Commerce speaks now, he will close the debate.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to thank those who have taken part in this debate for their constructive approach to the subject that we have been discussing. It is a subject in which we all take great interest and is one that it is hard to break down into language that is familiar to those who have not been in close contact with the work on atomic energy.

The hon. member for Vancouver-Quadra (Mr. Green) has raised a few points that I shall try to cover. In the first place I may say that there is no doubt that the amendments we are proposing to the Atomic Energy Control Act diminish the powers and authority of the control board. That is an evolution that I think is logical. Back in 1946 when we passed the act now under discussion control loomed large. We were quite conscious of the fact that plutonium is the substance used for peaceful applications of atomic energy, but it is also the substance used for the manufacture of A-bombs.

At that time knowledge of the production of plutonium was believed to be held in the United States, the United Kingdom and Canada, so that control of information, and particularly control of the raw materials from which plutonium is made, seemed very important. At that time it seemed wise to put the experimental work on atomic energy and the production of plutonium at Chalk River under the atomic energy control board. Therefore when we incorporated the operation at Chalk River we placed the stock of the corporation with the atomic energy control board.

The present situation seems to require a different form of organization, a form of organization where all the atomic energy operations, apart from the control functions, are concentrated in a single corporate body. We are still retaining the control functions, and only the control functions, in the atomic energy control board, and it is my thought that in a year or two or three those control functions may no longer be necessary. The basic information about atomic energy is widely disseminated now. Controls that were important three or four years ago are not so important today. However, there are certain controls over the distribution of raw materials and over certain information associated with the production of atomic energy which have not been declassified as yet. Therefore the

control functions remain with the control board but the other operations are being assigned to a corporation which will be known as Atomic Energy of Canada Limited.

Under Atomic Energy of Canada Limited there will be two divisions, one the raw materials division, Eldorado Mining and Refining Limited. Its functions will not be changed, and the only change in the functions of the productive and experimental side will be that the name will be changed to—

Mr. Green: Nuclear Research Limited.

Mr. Howe (Port Arthur): —Nuclear Research Limited. In the proposed form of organization we are following exactly the pattern of organization in the United States. In the United States all functions associated with atomic energy are centred in the atomic energy commission which is appointed by the President and reports directly to the President. In the United Kingdom there has been a change in the same direction. Recently a corporation has been formed—I am not sure of the name—which will assume full responsibility for experimental and productive functions in the field of atomic energy and will report to a member of the government. I think it will be the president of the privy council of the United Kingdom.

Therefore we are adopting a form which has been found satisfactory to both the United States and Britain, and I think it will be a more workable form than the one we have used over the past seven or eight years. My hon. friend asked whether any United States cabinet minister has powers as extensive as those contemplated under this bill. The exact situation is that the functions have been and are being carried out by the President of the United States without the intervention of a cabinet minister. It is difficult to compare the situation in the United States with the situation in Canada due to the completely different forms of government. In the United States the legislative functions are completely separate from the executive functions. While the President has direct control of the field of atomic energy, he depends on congress to pass the legislation required in that field, and the legislators in their wisdom have established a commission on atomic energy which used to be headed by Senator McMahon. I am not sure who is the chairman now. I think it is Senator Hickenlooper.

That committee reviews the work on atomic energy from time to time and amends the existing legislation as it may decide after receiving the recommendations of the President. I think my hon. friend will know that I have never resisted any desire of the House of Commons to have a committee on atomic energy. My hon. friend and I discussed earlier this session whether we should have a committee this year. I pointed out that the principal reactor at Chalk River was under repair—I am happy to say it is now back in operation—and I suggested that perhaps we might defer the committee until the next session of parliament. If a number of members indicate sufficient interest in the subject to warrant a committee on atomic energy or on research in general, as the committee may decide, at the next session, I would be very happy to agree. I think the committees have been useful in the past, and I think next year will be a very interesting one and one that will warrant the committee's study.

Then the hon. member asked why there are not more producing mines. Mining is a field that requires time for development. The only reason I know that there are not more producing mines is that development has not proceeded in any mine, except Rix-Athabasca, to the point where commercial deliveries can be made. Rix-Athabasca happens to be adjacent to the Eldorado mine in the Yellowknife field.

Mr. Green: Is that Yellowknife?

Mr. Howe (Port Arthur): The Beaverlodge field. It happens to be adjacent to the Eldorado mine at Beaverlodge and is delivering concentrates to the Eldorado mill there. There are others in the same area that in time can do likewise. But if a mine must build its own mill it is confronted with a very expensive and complicated problem of construction. The time element is the only delaying factor that I know of so far as getting into production is concerned. The fact that Eldorado is purchasing ore or concentrates is helpful in that each mine can make a contract with Eldorado for a considerable period, a period certainly sufficient to amortize the cost of getting into production, and has the help of Eldorado in working out technical processes and can obtain such advice as Eldorado can give from its own experience.

My colleague has discussed the other subject raised, the effect of international regulation, and I think that point is cleared up.

Mr. Green: I mentioned the question of the placing of atomic power in the power-short areas of Canada.

Mr. Howe (Port Arthur): Yes. Every effort is being made to interest power authorities and power companies in all parts of Canada in joining in the work at Chalk River. We have been able to induce a number of power companies and commissions to delegate one of their technical men who has joined the

staff at Chalk River, and we would welcome more assistance of that kind. We need specialists in a number of fields and we would like to draw them from power companies who themselves can benefit from the knowledge obtained by their experts working at Chalk River.

The purpose of the advisory committee is to include operating men from every power company or commission in Canada. Last fall we had a symposium and invited men from all parts of Canada to attend. I believe those who did attend found it a very interesting session. The purpose of the advisory committee would be to inaugurate nuclear symposiums, and we would assemble the representatives at Chalk River from time to time to take them over the work. The scientists there would explain to them the progress in evaluating the power situation, and keep them posted on the progress being made in that field. Through that advisory committee we will give an opportunity to all parts of Canada to participate in the work.

It is true that the directors of Atomic Energy of Canada Limited were drawn from the two central provinces, although one or two of the directors have interests in other provinces. For instance, Mr. Gaherty is president of the Calgary power company and a director of power companies in Nova Scotia and Newfoundland. We chose men that we felt could make an immediate contribution to the work of the commission. If others wish to become interested and demonstrate the fact that they have something to contribute, we would be glad to enlarge the number to make it more representative geographically.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Company.*

Mr. MacLean: I notice this clause has the effect of deleting a subparagraph in the present act and substituting a new one that will make the atomic energy control board responsible to the minister, whereas it is now responsible to the privy council committee on research.

Mr. Howe (Port Arthur): Perhaps I could clear up that point. The present control board is responsible to the chairman of the privy council committee on research who happens to be at the moment the Minister of Defence Production. There is therefore, no change there.

Mr. MacLean: I realize that there is no change in effect, but I wondered why it was considered wise to use this terminology in defining the minister as the chairman of the privy council committee on scientific research. Would it not be more suitable if that were stated to be the Minister of Trade and Commerce? As I understand it, there is no guarantee that the Minister of Trade and Commerce will remain the chairman of the committee. My point is that in most bills parliament determines what minister will administer the act. This provision has the effect of leaving that to the governor in council when the chairman of the committee on research is appointed.

A situation may arise where the Minister of Fisheries or some other minister who is a member of that committee might be made chairman, and that might require a change in this act. It might be considered more desirable that the Minister of Trade and Commerce remain the minister responsible for this measure. Perhaps I am reading into this some confusion that does not really exist.

Mr. Howe (Port Arthur): No, it is the intention to have the chairman of the scientific committee of the privy council to be the minister responsible for this project. We might delegate the job to another minister for a certain period. In any case, if the Prime Minister finds the chairman is not suitable, he can delegate any minister he wishes to handle the situation. The chairmanship of the committee on research does not rotate very quickly. I believe I have been chairman of that committee since the beginning of the war, and perhaps they will let me carry on for a year or two.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Powers of the minister.*

Mr. Fraser (Peterborough): Clause 4, paragraph (c) relates to the power to acquire, lease, requisition, and so on, any mines, deposits or claims. Will the minister say just what is being done in the Haliburton district about the prospects there? I ask that because Haliburton adjoins my riding, and in my section miles and miles of property have been staked.

Mr. Howe (Port Arthur): Yes. Of course, that is a purely private enterprise venture. I daresay someone on the staff of atomic energy has some knowledge of the claims, but personally I doubt if sufficient work has been done on the development of claims to really know what they have there. They have good geiger-counter results, but how much development has been done, I do not know. I think it is not very much.

Mr. Fraser (Peterborough): The government will help them as much as possible?

Mr. Howe (Port Arthur): Just the same as any other project.

Mr. Green: Is the policy of the government to acquire mines when they have been proven or to encourage private development?

Mr. Howe (Port Arthur): The purpose is to encourage private development. The government has taken the lead in exploration. It was the government that found Beaverlodge and staked part of it. It is my own view, and I think the view of my associates in atomic energy, that the government will not extend its efforts further in that direction. It prefers to see the work done by private enterprise, and to assist private enterprise in carrying out that work.

Mr. MacLean: I have a question on the previous section. Why has the number of times the board shall meet been reduced from four to three? I suppose it is for the same reason that the change was made in the Research Council Act?

Mr. Howe (Port Arthur): We found it rather difficult to bring the members together. There is really not enough business to warrant four meetings a year. As I said, the duties of the control board are diminishing and it is felt three times a year will be sufficient.

Mr. MacLean: I notice in paragraph (c) of clause 3 the provision is not the same as in the Research Council Act, with regard to new positions. It reads:

> with the approval of the minister, fix the tenure of appointment, the duties and, subject to the approval of the treasury board, the remuneration, of officers.

Mr. Howe (Port Arthur): Certain duties of the governor in council have more recently been concentrated with the treasury board, and today matters affecting salaries are dealt with by the treasury board. A reference to the governor in council in connection with salaries means a reference to the treasury board.

Clause agreed to.

Clauses 5 to 7 inclusive agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a third time? Now?

Mr. Knowles: By leave.

Mr. Howe (Port Arthur) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

At six o'clock the house took recess.

[Mr. Fraser (Peterborough).]

AFTER RECESS

The house resumed at eight o'clock.

INTERNATIONAL RAPIDS POWER DEVELOPMENT ACT

AMENDMENT TO DELETE REFERENCE TO POWER COMMISSION ACT OF ONTARIO

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 460, to amend the International Rapids Power Development Act.

Mr. Green: Would the minister explain this bill?

Mr. Chevrier: Yes. On December 12, 1951 the house approved the International Rapids Power Development Act. By section 4 (b) thereof it was provided that for the purpose of constructing, operating and maintaining the works to be undertaken in accordance with the schedule attached to the act—and those were works mentioned and named at that time as 238-242 single stage control scheme St. Lawrence development—the expropriation thereof and compensation arising therefrom would be handled in accordance with the provision of the power commission act of the province of Ontario.

Later an application was made by Ontario to the international joint commission. During the sitting of that commission in Cornwall, at which I was present, some objection was taken by counsel appearing for the various municipalities, and by others, to the legislation as it applied to expropriations in Ontario; whereupon counsel for Ontario undertook to look into the matter and make a statement at the next sitting of the international joint commission. The next sitting of the commission took place at Montreal on July 25, 1952, at which time counsel for the province of Ontario made this statement:

> Although it is a fact that the present legislation has worked satisfactorily in practice to provide just compensation to persons whose property has been taken, used or damaged by the construction, maintenance and operation of power works in Ontario; and although access to the court of appeal from awards for the taking of land has not been challenged, the review mentioned contemplates that it is undesirable, for the purposes of the international joint commission, that several acts requiring interpretation by reference and construction, in relation to these principles, should be before the commission.
>
> Therefore the legislative review in question is with a view to enacting an entirely new act which will contain these important principles within a single statute.

In effect what counsel said was that the present legislation is contained in several statutes, and must be interpreted by reference. In view of this particular objection it has

been decided to enact another statute. That is the statute which is known as the St. Lawrence Development Act, 1952 (No. 2). This is a simple bill, in that all it does is to substitute the words "St. Lawrence Development Act, 1952 (No. 2)" for the words "The Power Commission Act of the Province of Ontario".

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1.

Mr. Green: Is there any significance in the changing of the wording of this clause. In the bill it reads:

The provisions of the St. Lawrence Development Act, 1952 (No. 2) of the province of Ontario respecting the expropriation or taking of lands or property for the works have effect as if enacted in this act.

In the statute the clause reads:

The provisions of the Power Commission Act of the province of Ontario with respect to the expropriation or taking of lands or property apply *mutatis mutandis* to the expropriation or taking of lands or properties for the works, and have effect as if enacted in this act in relation thereto.

It seems to me to mean the same thing, and I am wondering why the form has been changed.

Mr. Chevrier: I inquired from the Department of Justice as to why it was changed, and they said that this is much clearer and more appropriate in the circumstances.

Mr. Knowles: And it is said in fewer words.

Mr. Chevrier: That is so.

Clause agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: By leave.

Mr. Chevrier moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

WAR SERVICE GRANTS ACT

AMENDMENTS EXTENDING TIME LIMIT ON RE-ESTABLISHMENT CREDITS, EXTENDING BENEFITS, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee on Bill No. 82, to amend the War Service Grants Act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Other persons to whom credit may be made available.*

Mr. Green: I believe there were some amendments made to this bill in the special committee on veterans affairs. Would the parliamentary assistant explain what those amendments were?

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Chairman, the only amendment was to section 3 of the bill. The date was changed from January 1, 1957 to January 1, 1960. The amended date brings it in line with the date within which a veteran can apply for and use his re-establishment credit. It was considered by the committee that 1960 was a more appropriate date than 1957. That was the only amendment made in committee.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Time limit for making of adjustments.*

Mr. Green: Does the amendment have to be put now?

Mr. Harris: The bill is reported as amended.

Mr. Bennett: I understand the committee reported the bill as amended and, as the amendment does not involve the expenditure of money, that is the correct way of doing it.

Clause agreed to.

Clause 4 agreed to.

Bill reported, read the third time and passed.

DIPLOMATIC IMMUNITIES

PROVISION FOR EXTENSION TO COMMONWEALTH REPRESENTATIVES

Hon. J. W. Pickersgill (for the Secretary of State for External Affairs) moved the second reading of Bill No. 373, to extend diplomatic immunities.

Mr. Diefenbaker: Is the minister going to say something in regard to this bill?

Mr. Roch Pinard (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, the house will be interested in a brief explanatory statement of the background and purposes of this bill. I shall make reference to the circumstances which led to the government's decision to

propose the measure and say something about the legal necessity for enacting such legislation?

It has become apparent in recent years, as a result of constitutional developments within the commonwealth, that an anomaly existed in respect of the status of the diplomatic representatives exchanged between the various countries of the commonwealth. Before 1948 commonwealth high commissioners were generally considered to rank below foreign ambassadors in the diplomatic lists maintained by commonwealth governments. There was some doubt whether high commissioners were entitled to diplomatic privileges. High commissioners, as representatives of the different governments in the commonwealth, were not in reality representatives of foreign sovereigns and consequently, in law if not in practice, were not entitled to the customary immunities which the law accords to the diplomatic agents of foreign states. The commonwealth countries were thus placed in the curious position of affording, at least in law, greater rights to the representatives of foreign countries than to those of commonwealth countries. It seemed, therefore, that as a result of the association in the commonwealth the representatives of commonwealth countries must suffer disadvantages which, however intangible, are not compatible with the close ties of friendship between the governments of the commonwealth.

Since 1948, when at the commonwealth prime ministers' conference it was agreed that the status of high commissioners should be made to conform to that of foreign ambassadors, the various governments have been taking steps in that direction. Diplomatic privileges, such as tax and cusoms exemptions, had before 1948 been accorded to commonwealth representatives. The high commissioner has since then come to be recognized as equal in rank to the ambassador in matters of protocol. High commissioners have been permitted when eligible to assume the position of dean of the diplomatic corps in the various commonwealth countries. By an exchange of telegrams late in 1949 between the various prime ministers concerned it was agreed in principle that legislation should be enacted in each of the commonwealth countries to accord, on a reciprocal basis, diplomatic immunity to commonwealth representatives, thus placing them in the same position under the law in respect of immunities as the diplomatic representatives of foreign states. Such legislation has already been enacted in most of the countries of the commonwealth with the exception of Ceylon and Pakistan where similar legislation is being considered. Because of the reciprocal feature in such legislation and because of the desirability of its aims, the government considers it appropriate to enact a corresponding law in Canada.

I should like to emphasize that this legislation is in no way concerned with the customary diplomatic privileges, such as tax and customs exemptions, which are already enjoyed by ambassadors and high commissioners, alike. It relates solely to immunity from legal process in Canada. It is intended to protect the valid interests of commonwealth governments and to permit their representatives to carry out their proper functions as members of diplomatic and consular missions in Canada.

However, it is important to remember that immunity is not accorded for the benefit of the individual in question, but of the state in whose service he is in order that he may fulfil his official duties with the necessary independence. A person entitled to diplomatic immunity is only immune from legal process and is still expected to comply with the law of the land, criminal and civil. As a matter of practice the conduct of the members of diplomatic missions should be exemplary and the immunity should exist only to preserve the independent function of the missions and to protect them from frivolous proceedings.

The bill before the house provides that commonwealth high commissioners, their official and domestic staffs and their families, and the families of their official staffs, shall be entitled to like immunity from suit and legal process as is accorded to foreign ambassadors, their official suite and family. The bill stipulates, however, that a member of the official or domestic staff who is a citizen of Canada is excluded from immunity except in respect of things done or omitted to be done in the course of the performance of his official duties, and the members of his family are entirely excluded. The bill also provides for the like inviolability of the residence, official permises and official archives of the high commissioner as is enjoyed by foreign ambassadors in this country.

The bill also contemplates the extension of consular immunity to commonwealth officials in Canada who perform duties substantially corresponding to those of foreign consuls. Consular immunity implies immunity from criminal and civil process but only with regard to the performance of official duties; it includes inviolability of official archives. Since it was not possible to foresee all the categories of commonwealth representatives which might be involved in this extension of consular immunity, it was considered preferable to make provision for such extension by proclamation. It is envisaged that such

immunity will be extended to commonwealth officials serving in Canada but outside Ottawa, as, for instance, trade commissioners, in which circumstances they might not be considered members of the official staff of their high commissioner in Canada.

No effort has been made in the bill, which is similar to the legislation already in force in Australia, New Zealand and the United Kingdom, to define the diplomatic and consular immunities. All that is said is that the commonwealth representatives are entitled to the like immunities as are accorded to a foreign envoy, or to the members of his official and domestic staff and the families concerned. It would be for the Canadian courts to decide in each case what these "like immunities" should be. The court would probably decide these matters by referring to the customary rules of international law as applied in Canada.

The bill makes provision for reciprocity as between Canada and the other countries of the commonwealth. The Canadian high commissioners and their staffs in most of the commonwealth countries are already accorded the immunities provided for in this bill. Legislation in these countries calls for reciprocal treatment. The remaining commonwealth countries contemplate legislation along similar lines. It is therefore considered desirable, in view of the principle of reciprocity, that parliament should take action now to ensure that commonwealth high commissioners in this country shall be accorded the same treatment which Canadian representatives receive in other commonwealth countries. It is the hope of the minister that the provisions of this bill will commend themselves to all hon. members, for he considers that this measure is non-controversial and this necessary step in the orderly development of relations between members of the commonwealth can be taken with the full and warm approval of all parties.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the hon. gentleman who has just taken his seat has reviewed in some degree the situation with regard to the diplomatic and consular immunities that have prevailed for generations as between foreign countries with their representatives in other countries. It is of interest to note he has stated that in 1948 the prime ministers of the various commonwealth countries agreed upon the necessity for this legislation. Similar legislation has been introduced in certain other commonwealth countries. If it were otherwise one might conclude that this was a step in a policy of attrition to remove and diminish commonwealth bonds. However, the agreement among the prime ministers that this legislation or something similar is necessary indicates another step in the gradual and unplanned development of the commonwealth and empire which began with Lord Durham's report and had its culmination in the Statute of Westminster.

It removes a rather anomalous situation, namely that the representatives of the commonwealth did not enjoy this immunity while representatives to other parts of the commonwealth such as would be enjoyed by representatives of foreign countries. It has its statutory background, in so far as foreign countries are concerned, in a statute passed in the reign of Queen Anne when the Russian ambassador at that time was arrested for owing some civil debt and was imprisoned. The result was that ill-feeling sprang up between England and Russia and legislation was passed in order to prevent a situation such as that again arising.

Since the beginning of the first war, and it is interesting to watch this trend, there has been a change in commonwealth relations, gradual, certain, and in some cases profound. Many have felt that these changes would weaken the commonwealth. But in point of fact while the commonwealth has no charter, constitution, or constitutional machinery, these steps which apparently constitute in themselves a weakening of the relationship actually have made for a strengthening in the purpose and unity of the commonwealth.

I agree with the hon. gentleman that this legislation is non-controversial. It is simply the implementation of an agreement among the prime ministers to remove what, on the face of it, was a paradoxical situation for commonwealth representatives. It places commonwealth representatives in an analogous position in so far as freedom from civil or criminal process is concerned as that now applicable to representatives from foreign countries.

While there are a few questions that will be asked when the bill goes into committee, generally speaking I think there will be agreement that this legislation is but one step forward in unifying the commonwealth and in actually bringing together in closer relationship the various parts of the commonwealth while maintaining their freedom under the Statute of Westminster.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am sure that all of us in the house are glad to concur in

the sentiments expressed by the hon. gentleman who introduced the bill, when he expressed the hope it would have the warm approval of all groups represented here.

As has been pointed out by the parliamentary assistant to the Secretary of State for External Affairs (Mr. Pinard), and by the hon. member for Prince Albert (Mr. Diefenbaker), the technical result of this bill is to remove an anomalous or paradoxical situation that has existed with regard to the high commissioners and other representatives among the various member nations that make up our commonwealth. Likewise, as has been pointed out by those who have already spoken, this is another piece of legislation which points to the interesting and unique nature of the commonwealth to which we belong.

It seems to me that the fact that the high commissioners from other commonwealth countries will have the same status as ambassadors from other countries, and the fact that our high commissioners will enjoy that same status in other commonwealth countries, serves to emphasize the independence and autonomy of this nation under the crown now worn by Elizabeth II. It also draws attention to the fact that though we are independent, autonomous nations in every way, we are voluntarily associated together in a commonwealth which is now bound closer together because of its voluntary nature than would be the case if it were on a compulsory basis. We are indeed pleased to give our support to this bill. It is a very simple one, but it is significant; it suggests the march of history, and it gives us the opportunity to express once again our pride in the independence and autonomy of our nation, and also our pride in being a member of the commonwealth of nations, with its many peoples in all parts of the world.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I wish to say just a word or two in respect of this measure. When I first read of it and when it was brought down I noticed the title of the bill and I was rather pleased with it. We in this group have always desired to aid any measure whatsoever which would assist in bringing closer the ties of all the countries of the British commonwealth, and I think the bill does just that.

Now, I must say this, however, and simply to clear my own conscience, although this bill is not on a par altogether with previous measures which have been taken with respect to diplomatic immunity for those travelling to and from Canada. I recall that a few years ago the subject of diplomatic immunity came up with regard to members of the United Nations. We did not oppose that measure or that principle, but I must confess that my conscience was not altogether clear with respect to that matter. As I have said before, I know this measure is not on a par with previous actions taken in regard to diplomatic immunity.

I cannot help feeling a deep responsibility, even though I am only a member of parliament, when we discover that there is growing up in our relationship with other nations, diplomatic representation by embassies and so forth which in reality have become, in some respects, nothing but hotbeds of spies. That is the truth.

I am not saying that such a thing is happening with respect to our own commonwealth countries. We are happy indeed that there is this gentlemanly and brotherly type of relationship between all nations of the commonwealth. These are brotherly ties. Even though some of these nations have been granted their independence in the last few years, nevertheless there is a strange and significant loyalty among all the countries of the commonwealth.

I must once again emphasize the fact that I believe that we can sometimes lean over backwards and go too far in this matter of diplomatic immunity. I know that what I am about to say does not come within the direct purview of this bill, but nevertheless I simply use it as an illustration. Not so long age we read of the happenings in Australia —which were similar to happenings which took place in Canada a few years ago— where one man of the Russian embassy, a high-ranking official, bolted and revealed tremendous truths concerning the operation of that spy ring within Australia, one of our commonwealth countries. You cannot read the first report of that commission which was set up in Australia to study the matter without having your hair almost stand on end when discovering the intrigue and what was happening in diplomatic circles in that country. When we offer these countries all the privileges that diplomats and embassies have, it is indeed shocking to discover that they are being used as centres from which radiate various intricate, clever and powerful rings of spies.

In that first report that was given on the recent Australian revelation it was stated that such things as code messages from Moscow had come in undeveloped films delivered to the embassy in Canberra in the diplomatic pouch. Here is what is meant by diplomatic immunity in the broad sense. These films had come in the diplomatic pouch which was not subject to search. These were films which any agent or official, if he wished, could destroy in an instant by exposing them

to the light. That is only one little incident that we glean from that one report. This whole thing emanated from the Russian embassy in Australia.

That sort of thing makes one rather wary concerning going too far in respect of this matter of diplomatic immunity. My own personal view is that when anything of that kind happens, action should be taken such as that which the Australian government took and that diplomatic relations should be broken off with any country that will abuse those privileges. As I said before, I know that that is not going to apply to our commonwealth countries. Nevertheless I use that as an illustration of a vital principle that is involved in matters of diplomatic immunity. Let us be most careful not to lean overboard or to go wild in respect of this matter of diplomatic immunity. As far as this bill is concerned, we are in favour of the measure.

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

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Diefenbaker: Mr. Chairman, in order to lay a foundation for the general question of diplomatic and consular immunities, will the parliamentary assistant say what laws now on the statute books provide for immunities of foreign representatives? What is the law in this country with respect to foreign representatives, and particularly what is the statutory law in that respect?

Mr. Pinard: In answer to the hon. gentleman's question I would say that, apart from the legislation which he has himself cited which today forms part of our law, there is no special legislation which will define the immunity privileges which are accorded to foreign envoys. The purpose of this bill is not to create and define the immunity privileges. Such powers as are in existence are under the rules of international law and they are in fact applied by the Canadian courts when a case arises where such an immunity privilege is being claimed by a representative of a foreign nation.

Mr. Diefenbaker: Is it then correct to say that the privileges and inviolability of consular and foreign representatives are fixed under the English statute of Anne's reign and also by international custom?

Mr. Pinard: As I said before, it is by the application of the rules of international law mostly and also, as the hon. gentleman mentioned, it is based on this statute of Queen Anne which was passed, if I remember correctly, in 1708 and which has been considered as part of our legislation here in Canada.

Mr. Diefenbaker: Will the parliamentary assistant say which countries in the commonwealth asked for the adoption of legislation similar to this? Which of the prime ministers asked for this and under what circumstances?

Mr. Pinard: As I have already mentioned, it was the result of negotiations and discussion among the various prime ministers at the commonwealth conference in 1948. I would not say that any one prime minister more than another took the initiative. Rather it was done as a result of the negotiations of the prime ministers together. As I have already said in the statement I made, the only two commonwealth nations that do not have similar legislation but which are contemplating it are Ceylon and Pakistan.

Mr. Diefenbaker: When did the United Kingdom government pass analogous legislation?

Mr. Pinard: I am afraid I cannot give that information except to say that it was passed after 1949.

Mr. Diefenbaker: Have there been any civil cases in which civil process has been taken against any representative of the commonwealth in the last few years in our own country?

Mr. Pinard: I am informed that there has been no case that has in fact gone before the courts for adjudication. There might have been immunity privileges requested but in fact there was no actual litigation in which such privileges were applied.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Application of act.*

Mr. Diefenbaker: Subsection 2 of this clause reads as follows:

> The governor general in council may by proclamation designate any commonwealth country . . . as a country in respect of which this act applies.

Is that designed to cover further commonwealths that may be established?

Mr. Pinard: Definitely.

Mr. Diefenbaker: Within the commonwealth.

Mr. Pinard: That is the purpose of the section.

Mr. Hansell: I notice that subsection 3 reads as follows:

> Where it appears to the governor in council that a country in respect of which this act applies has, in relation to Canada, failed to accord immunities

similar to those provided for by this act, the governor in council may, by proclamation,

(a) declare that this act does not apply in respect of that country—

What would happen if a country now coming within this legislation should abuse its privileges and immunities? What would happen then? I do not want to be an alarmist. I do not want to bring up things that may never happen, but we are dealing now with legislation that will become the law forever and a day as long as it is not repealed. I may be permitting my imagination to run riot but suppose, for instance, one of our commonwealth countries should, in the process of time, be discovered to have a communist regime. Suppose that their diplomats came here and abused their privileges. What would happen in a case like that?

Mr. Pinard: If I understood the hon. member's question correctly, he first referred to abuses being committed by the nation itself and then later in his remarks referred to a particular individual of the mission concerned committing abuses of these privileges. I would qualify my answer by stating that if the abuses were committed by the nation itself in the form mentioned by my hon. friend, in other words, in that they would have a mission in Canada that had been sent here by a communist government which would have been established in that nation, that would become a problem for the government to decide whether or not the regime would be recognized. In so far as the abuse of privileges on the part of an individual is concerned, there is always the recourse of this government asking for the recall of that particular individual from Canada. Such recall is generally sought through the ambassador or, as in this case, through the high commissioner. Of course if a high commissioner is himself involved the recall is brought about by the government of Canada making a formal demand to the nation concerned.

Clause agreed to.

On clause 4—*Chief representative.*

Mr. Diefenbaker: With respect to the immunities and the inviolability, mention was made by the parliamentary assistant of the question of taxation. What is the position of representatives so far as local taxation is concerned?

Mr. Pinard: I think I have said already that we are not dealing at this time with the tax exemptions or special privileges which are given to representatives of foreign nations by orders in council based on the appropriate legislation under which they are claimed. We are dealing with immunity privileges. In other words, this is an entirely different matter. The tax exemptions have already been accorded under the rules of international law and they are made applicable by order in council under the appropriate legislation under which similar privileges are being requested by representatives of foreign countries. I am trying to make myself clear and to distinguish between exemption from taxation and immunity privileges. It is an altogether different matter. In this case we are simply concerned with immunity from legal process.

We are also concerned of course with the right of the representatives of a mission not to be forced to give evidence in a court of law and also, as I mentioned before, with the inviolability of archives and premises. The tax exemptions to which my hon. friend refers are granted under international law in a different way. It is a totally different matter. In this case we are not concerned with tax exemptions which are granted, as I mentioned before, under international law

Mr. Diefenbaker: Much as I should like to accept my hon. friend's interpretation, it is not in accord with the interpretation given in Ridges' "Constitutional Law of England". At page 301 it sets forth certain privileges and immunities in these words:

Certain privileges and immunities are generally conceded to a diplomatic agent by the foreign state to which he is accredited, and . . . are as follows:

(1) Immunity for himself, his family, and suite from criminal jurisdiction and arrest . . .

(2) Exemption for himself, his family, and suite within certain limits from civil jurisdiction . . .

(3) The diplomatic agent is regarded as being in an ex-territorial position, and therefore his house is free from the territorial jurisdiction, at least in so far as to prevent any interference with the performance of his duties . . .

(4) Diplomatic agents and their property are exempt from taxation . . .

Then it goes on to say:

By courtesy, also, goods intended for their use are exempt from customs duty.

The minister says that the words "like inviolability of residence" do not include taxation. Under the constitutional meaning of that term, as interpreted by the work to which I have made reference, it does include taxation. I again ask the parliamentary assistant this question. Are representatives from the commonwealth entitled to tax exemption in this country? That is a simple question. What is the situation with regard to taxation? To what degree are they in any different position in the matter of taxation from what they would be if they were representatives of foreign countries?

Mr. Pinard: First of all I wish to make a distinction in answer to that question. Section 4 reads as follows:

> A chief representative is entitled to the like immunities from suit and legal process and the like inviolability of residence, official premises and official archives as are accorded to an envoy.

In other words, whatever immunities we are concerned with are those that are mentioned in section 4. It is true also that the word immunities can cover other privileges than those to which we are referring in this bill. I am not trying to be legalistic. I am simply trying to explain to the house, in answer to the hon. gentleman's question, that we are simply concerned solely with the privileges mentioned in this clause 4, that is immunity from suit and legal process. We are not concerned with these other privileges which are derived from the rules of international law and which exempt the representative of a foreign nation, for instance, from taxation on his property.

In this connection I might mention that if a property is owned by a mission, that is by the nation concerned, it is tax exempt. But if the envoy is the personal owner of his property, there is no tax exemption. In other words, the principle applied is that the tax exemption is awarded to the nation the individual represents, and not to the individual himself.

Mr. Diefenbaker: Do I summarize the position correctly then by saying that a commonwealth representative, in so far as taxation is concerned, will be entitled to the same exemption as if he was an envoy from a foreign state?

Mr. Pinard: Under this bill we are not concerned with these taxation privileges. I cannot possibly give an answer to this question, except to the extent I have mentioned the subject. I think I would be out of order in doing so, just as I think my hon. friend was in asking the question whether or not similar privileges concerning taxation were accorded to envoys in a case such as the one I mentioned.

Mr. Diefenbaker: The inviolability of residence includes the inviolability from taxation according to international law. I have simply asked—I do not know why I cannot get a simple answer—if the commonwealth representatives are now accorded equality with foreign representatives in so far as personal rights are concerned? Are they going to receive equal treatment in the matter of taxation?

Mr. Pinard: I just want to add that the immunities that are accorded to the high commissioners under this legislation are none other than those that are accorded already to ambassadors from foreign nations. When my hon. friend says that inviolability of residence includes exemption from taxation, I have a doubt as to whether or not he is right. I would believe it would be difficult for someone having the privilege of inviolability of residence to say, in view of that fact, he is also entitled to exemption from taxation. I do not think it would go as far as that. I do not want to challenge my hon. friend's citation but I would not go as far as that in my interpretation.

Mr. Diefenbaker: All I am asking is whether representatives from the commonwealth receive the same consideration as foreign representatives receive?

Mr. Pinard: They do.

Mr. Diefenbaker: That is why I asked, and I have never seen so many words used in order to say no, if that was the intention.

Mr. Pinard: I have said so.

Clause agreed to.

Clauses 5 to 8 inclusive agreed to.

On clause 9—*Actions begun prior to coming into force of act.*

Mr. Knowles: Are there any actions or proceedings which are covered by clause 9?

Mr. Pinard: We have no knowledge of any now.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time? Now?

Mr. Knowles: By leave.

Mr. Harris (for Mr. Pearson) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CANADIAN CITIZENSHIP ACT

AMENDMENT TO REPEAL THE DECLARATION OF INTENTION

Hon. W. E. Harris (Minister of Citizenship and Immigration) moved the second reading of Bill No. 445, to amend the Canadian Citizenship Act.

He said: This bill requires only a very brief explanation, Mr. Speaker. The purpose of it is to do away with the present practice of asking an applicant for citizenship to file a declaration of intention at least one year prior to his application for citizenship. The

declaration of intention has been a part of the citizenship procedure since the act was passed in the house in 1946. As a matter of fact, it dates back to a period during the war when, for certain purposes, a declaration was used for the first time.

In our experience it no longer contributes to the procedure in any way and only impedes it, as a matter of fact, to the extent that some candidate for citizenship, having waited five years and having fulfilled the residence requirements, suddenly discovers he has omitted to file a declaration of intention and then must wait a further year before his application can be processed. There is a further matter of cost, Mr. Speaker, in connection with the filing of this declaration by the applicant; it costs the department some money to print these forms, and it costs a staff to maintain them. We have examined the need for the declaration over the past twelve months, and have come to the conclusion it serves no useful purpose. All the inquiries we feel should be made can be made without it.

Mr. E. D. Fulton (Kamloops): The minister's explanation which elaborates somewhat on the explanatory note accompanying the bill seems to provide an adequate justification for the legislative proposal now before us. I cannot really believe that there would be any objection to the proposal to eliminate the necessity of filing a declaration of intention, although I believe we should ask the minister, when we come to the stage when questions may be asked, just what provision the government intends to make for ensuring that the information which might be elicited at the time of filing of the declaration will be adequately elicited later, and to ensure that sufficient precautions will be taken to establish that the applicant is indeed a qualified and suitable applicant. However those are matters of detail and as I say there seems to be no real reason why this proposal should not be adopted.

At this stage I want to point out something which I imagine has occurred to the minister, and that is that the indirect effect of abolishing this requirement of filing a declaration of intention is to remove the only surviving privilege now in existence with respect to those who are British subjects and wish to become Canadian citizens, that is subjects of Her Majesty from other parts of the commonwealth who come to Canada and wish to become Canadian citizens.

Under the present arrangement, everyone who comes to Canada and is a lawfully landed immigrant and wishes to become a Canadian citizen has to wait five years; and this includes British subjects from other parts of the commonwealth. But a British subject does not have to file a declaration of intention. That is the only differentiation made between a British subject who wishes to become a Canadian citizen, and a non-British subject.

When the Canadian Citizenship Act was passed in 1946 we in the official opposition pointed out that in our opinion it did not give due recognition to the one effective approach that exists in the world today to a common or international citizenship brotherhood—the concept of being a subject of Her Majesty in whatever part of the commonwealth one might live. We urged then that persons coming from other parts of the commonwealth should not be specially privileged Canadian citizens, once they had become citizens. And I wish to make that clear, now, that at no time did we urge that we wanted any differentiation between citizens, no matter what their prior citizenship may have been. There should be no difference between Canadian citizens.

But we do think it proper to urge that recognition be given to those coming here from other parts of the commonwealth that enjoy a common loyalty with us, a common way of life and a common concept of democracy and loyalty to Her Majesty. We urged that some extra facility be granted to them by way of a somewhat less formal procedure, if you like, or some diminution of the obstacles placed in the way of their becoming Canadian citizens.

As I have said, the only thing that was done in that regard was in connection with the filing of a declaration of intention. There was that differentiation, in that British subjects were not required to file it. However, now that it is being abolished altogether there will be no mark of recognition whatsoever of the fact that an applicant for Canadian citizenship is already a British subject.

Therefore, while I cannot think of any amendment that would be in order at this stage, and would embody our thoughts so as to put them formally before the house by way of a resolution requiring a vote, I do strongly urge that the minister consider again what was urged in the past, that perhaps the time has now arrived—we think it is long past—when the waiting period for a British subject who is otherwise qualified might be shortened, as compared with the waiting period imposed upon those who do not share that common loyalty, that common concept of citizenship and, in short, do not share with us that family relationship that we like to think all subjects of Her Majesty in other parts of the commonwealth have. Now that this differentiation is being removed, I think it would be highly opportune

to bring in concurrent legislation to shorten the waiting period by at least one year, and I see no reason why in connection with British subjects it should not be shortened to a greater extent.

It is perhaps significant that this bill is being considered in the house immediately after a bill to provide diplomatic immunity for representatives from commonwealth countries, on which occasion we have been reminded of that common loyalty we share. In these days when international relationships are increasingly uneasy, anything we can do in this country to remind ourselves and people throughout the world that the British commonwealth of nations is a living and real concept, and that international brotherhood can and does exist, thus making a real contribution toward international good will and good faith, is worth doing. Not only that, but it would demonstrate in a real and practical way that we in Canada, the senior dominion of the commonwealth, are determined that so far as we are concerned this concept of a family relationship between countries of the commonwealth will be preserved and, indeed, strengthened.

It would be but a small gesture if we were to shorten the waiting period with respect to British subjects, and thus demonstrate our real loyalty to that concept. It would not do anything to make a differentiation between citizens, once they became citizens. That is not the idea at all. There would be no distinction between Canadian citizens, whatever their origin. But it would be a gesture which would mean something more than gestures usually mean, particularly in the light of the contribution that the commonwealth could make to international relations. If we were to take a firm stand it would mean that at least we in Canada are going to stand by that commonwealth and see that it means something in fact as well as in theory.

Mr. G. K. Fraser (Peterborough): Mr. Speaker, at this time I should like to ask a question which perhaps the minister would answer later. Has any consideration been given to attaching a photograph to a citizenship certificate?

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1.

Mr. Shaw: Does a person domiciled in Canada who is Canadian-born and desires to secure his Canadian citizenship certificate have to complete one type of application, while a British subject, who has come from the British Isles and has resided in Canada for five years, has to complete another type of application? Is there a difference in the amount of fee paid in each case? If so, why?

Mr. Harris: Mr. Chairman, replying to the last question, there is a difference in the form, but I understand the fee is the same in each case. The form of course in the first instance, where birth is in Canada, is accompanied by a birth certificate; the other recites birth in the British commonwealth.

Then, dealing with the question asked by the hon. member for Peterborough, I would say that the problem of identifying an alien who has become naturalized is dealt with in many different ways in many countries. As my hon. friend knows, we have been granting a certificate which is relatively large, thinking that it would be used only at home as part of a person's papers. From time to time, however, it is suggested that we ought to issue a smaller identification card which would certify that the holder has been granted citizenship. This would be convenient to carry around, especially in this country when one goes across the United States border. In that connection it is also suggested that we ought to have a picture of the naturalized person.

We have been examining the question of a smaller card for, I think, about three years. There are certain difficulties with which I need not trouble the committee; but it will fulfil the need I know in some cases, and if we find that we can do it without excessive cost I think we would. Under those conditions it would be desirable that there should be some identity attached to the card.

Mr. Fraser (Peterborough): It was suggested by a United States immigration officer that even if the picture were on the back of a small card and the government stamp pushed through so that it could not be taken off it would be sufficient, and it would help them a great deal. They have those large certificates. If it were in a card form so that they would have a much easier time and less questioning of the Canadian citizen it would be an advantage. I might say that the citizenship branch here in Ottawa is certainly very co-operative and I feel they are doing a good job.

Mr. Harris: Thank you.

Mr. Fulton: What investigation is made now at the time of the filing of the declaration of intention? If any substantial investigations as to the qualifications and suitability of the applicant are carried out, what steps will be taken to ensure that the line of prior warning, as it were, will not prejudice the investigation which is normally made?

Mr. Harris: As the committee knows, there is the usual examination by the county judge, but in addition to that, other inquiries are made. We found that those inquiries could be made in the three-month period between the date of the application, during the posting up of the application and the hearing. That, as a matter of fact, is one of the very reasons why we feel justified in abolishing the declaration, because we do not need the time involved in the one-year period. Those inquiries are made locally and in other places, and are usually very thorough and can be relied upon to produce the evidence that is needed to determine whether an applicant should be granted the favour that he asks.

Mr. Diefenbaker: Will the minister say what was the reason in the first place that the declaration of intention was embodied in the statute? What was the reason that the institution of that requirement was made an obligatory course to be followed?

Mr. Harris: Initially, the declaration of intention followed the pattern of the United States system of having what is known as first papers, which would provide one with a certain status which would give him a claim upon the government of the country in which he lived. As I think hon. members know, in other days anyway if not lately, the taking out of first papers in the United States was considered something that one might very well do almost immediately. This would give him access to opportunities. That I think was the thought behind it, and we carried it forward in the original act with that in mind. We found that that was not necessary in Canada in a larger sense; but by way of explanation I should say that the regulations still provide for the filing of the declaration of intention, and will continue to do so despite the passage of this particular bill. So that if anyone feels that he would like to show anyone in Canada that he has already indicated by affidavit his desire to become a Canadian citizen, that opportunity will be open to him and the department will permit that to be done, believing that if it is in the interest of the applicant it might be granted.

Mr. Diefenbaker: What rights, if any, flow from the signing of a declaration of intention? Does it found any right to the protection of Canada in the way of a passport or anything of that kind?

Mr. Harris: The rights and privileges which flow after a declaration and which have flowed in the past few years have been particularly that of being admitted to learned societies and professional agencies so that one might compete in that particular field. Those organizations have indicated that they will accept the immigrant's application for membership if it were shown that he had filed a declaration of intention, and in that way he would not have to wait until he had received full citizenship. As I say, we are protecting that right under the regulations so that there is a direct benefit to certain persons in filing a declaration.

Mr. Diefenbaker: Will the minister also answer the rest of the question? Does the signing of the declaration of intention give any rights to passport protection?

Mr. Harris: No. Until they become citizens they travel on the passports of their own home country.

Mr. Fulton: Would the minister mind saying whether he sees any objection to the proposal that the waiting period with respect to British subjects might be somewhat reduced? I understand that Australia, for instance, insists on the full five years. I, however, would not accept that as an argument that we should do it because they do it. It might be a good thing if we were to set the pattern in this regard.

Mr. Harris: I have not studied the question lately, but it has been before us regularly since the citizenship act was passed. The reasons for not making a distinction, other than that mentioned by the hon. member earlier, were explained fully by the then secretary of state when he introduced the bill. I think on balance it is not desirable to have among those applying for citizenship any group that would have preferred treatment in the obtaining of it. While undoubtedly British subjects find it easier to qualify, nevertheless it would seem unusual if in a citizenship act you initially set up a class who would be preferred above others. After all, citizenship surely must be equal to all without distinction.

Mr. Churchill: With regard to what the minister has just said I wonder whether he might not reconsider this matter. The hon. member for Kamloops has presented the situation in his usual able manner and has covered the ground very thoroughly, but it is a matter of considerable importance.

I have always wondered why the British subject should have to undergo the same waiting period as anyone else coming to this country. I do not think that we want to make any distinction among immigrants, but the deferring of citizenship rights to a British subject is making a distinction unnecessarily

in the wrong quarter. There is, as the hon. member for Kamloops pointed out, the common background, the family background in the commonwealth of nations for those immigrants who come to us in large numbers from the United Kingdom and who are so welcomed.

There is the entire tradition of the British race behind them; there is the common language. The institutions are the same, and they fit so quickly and so readily into the Canadian life that it has always seemed to me to be an unnecessary restriction to impose that limitation of five years. I grant that there may be something said along that other angle that you are setting up a preference in favour of one group of immigrants rather than another, but more serious consideration should be given to this problem.

Our link with the United Kingdom and with members of the commonwealth is so strong that immigrants coming from the commonwealth should surely be received more quickly into Canadian citizenship than is set out according to the technical terms of this act. I think the act has floundered into a technicality and places unnecessary emphasis on this particular feature, and it has put our friends from the United Kingdom in a position in which they should not be placed.

After all, in view of what has been going on in this country over so many years, a country founded by two great races, but certainly receiving a great impetus from those who came from the United Kingdom, and in view of the fact that we did not impose any restrictions or restraint for generations, then I can see no reason why at this particular time, and during the past few years, we should have found means of making a distinction which was not observed in the past with regard to those who came to us from commonwealth countries, and particularly from the United Kingdom.

I think there is a great feeling on the part of the people of Canada that another look should be taken at this particular clause in the act and that it should be revised so that the immigrant coming to us from the British Isles is accepted much more readily and more quickly than is the case at the present time.

Mr. White (Middlesex East): Mr. Chairman, I rise to support the suggestion made by the hon. member for Peterborough to the effect that a small card showing Canadian citizenship and identification similar to the birth certificate issued by the province of Ontario should be issued to Canadian citizens so that it could be used for identification purposes any place in the world.

I would also like to support the suggestion made by the hon. member for Kamloops and the previous speaker to the effect that another look should be taken at the requirements of those coming from commonwealth countries whose tradition of democracy, common language and customs, should not be put in the same category as those who come from countries that are probably not used to our democratic way of life or schooled in our institutions. I think the minister should give the two suggestions very serious consideration.

Mr. Noseworthy: Mr. Chairman, I certainly support the previous speaker, but I think they should go further in speaking of giving preferential treatment to citizens from other parts of the commonwealth. I think we should probably first concern ourselves with giving even equal treatment to citizens from different parts of the commonwealth.

In this connection I wonder if the minister is in a position to tell us what consideration has been given to a brief recently presented to him on behalf of coloured immigrants from the West Indies. These people often find it impossible to get into Canada much less become citizens when they do arrive here. Is the minister in a position to tell us anything about that situation?

Mr. Harris: Mr. Chairman, I do not want to engage in any discussion on immigration at this point. I am sure the hon. member is incorrect when he states that when they get in they cannot become citizens. Anyone who enters Canada can become a citizen after five years' residence here if he meets the qualifications, and that applies to everyone, including the persons to whom the hon. member referred.

I will, as suggested, give consideration to the representation which has been made. I hope that what I am about to say will not start another debate. I merely want to say to the committee that I was in error when I answered the hon. member for Red Deer. The filing fee for an affidavit or application by a Canadian-born citizen is $1 and $5 for a British subject.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported, read the third time, by leave, and passed.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF TRANSPORT

443. Departmental administration, $1,456,640.

The Deputy Chairman: Resolution No. 443. Hon. members will recall that this resolution can be found at page 59 of the blue book and details on page 509. Shall the resolution carry?

Mr. Chevrier: Mr. Chairman, I find I have an explanation to make to the committee and an apology as well to certain hon. members. Yesterday there was delivered to me by the chief commissioner of the board of transport commissioners the original report on the railway grade crossing fund which matter had been under study by that board for some time. The chief commissioner of the board indicated to me that on May 17 the secretary of the board had delivered to my office a copy of that report, and I am sorry to have to say that I was not aware of this, although I should have been and I must take full responsibility for it. A copy of the report was sent to the translators by my officers and is being stencilled at the moment. During the discussion on my estimates the other day I rose when this matter was under discussion to say that the board had the railway grade crossing fund under study, and because of that I interrupted a number of hon. members, particularly the hon. member for Danforth. However, I think not too much harm followed because the hon. member and many other hon. members succeeded in getting onto *Hansard* what they intended to say. In any event, if they did not there is a particular item here in the estimates whereon they can discuss it at a later date. Meantime I want to apologize to the hon. member for Danforth and any other hon. members who were inconvenienced by reason of my stating that the grade crossing problem was under discussion and study by the board. At that time it was not under study by the board and I should have known so. I accept the full responsibility for that error.

I would like to add though that the report is a voluminous one, as hon. members can see. I have not had an opportunity to read it and neither have my colleagues, but I propose to ask their permission, when it is translated and stencilled, to table it and circulate copies to members before the end of the session. I do not think it will be possible to act on it at this late date.

Mr. Pallett: I rise at this point to deal with certain matters in my own riding of Peel. Since the minister has mentioned the fact that we have leave to discuss the matter of the grade crossing fund in its general aspect, I should like to avail myself of that opportunity at the present time to deal generally with that fund. It is statutory, and it is proper to deal with it at this time.

With respect to the first matter, I refer to the Malton airport. The minister will perhaps take satisfaction in hearing that we consider it to be one of the finest in the dominion. That is, of course, only proper since Peel is the finest county in the dominion. There is one matter that has arisen fairly recently that I should like to draw to the minister's attention, namely the proposed enlargement of the airport which has resulted in certain filings in the registry office of notices of expropriation and the like. These notices have caused considerable concern to land owners. The concern has been caused not so much by the actual filing of the notices as by the subsequent action resulting therefrom.

I am advised that after the notices were filed some negotiations took place and that subsequently some of the notices were withdrawn and the land use returned to the owners, with certain inconvenience to those owners. I would draw to the minister's attention the fact that that area is a fast developing one and that to turn back to the owners large tracts of land may well result in a rapid residential expansion which may well create a situation similar to that which was created recently around Downsview airport where representations were made by the residents with regard to nuisance and danger to their property and to themselves.

Another aspect of the expropriations is that which has arisen with respect to the owners of small holdings under the Veterans Land Act. There are a number of these owners. I am told that negotiations are going on and I suggest to the minister that he consider the advisability of expediting these negotiations so that the owners of these small holdings may know their immediate position rather quickly in order that they not be asked to expend further sums of money in completing their homes and then perhaps not receive the valuation which they themselves feel their holdings have. I would urge on the minister that this matter be completed rather quickly so that the people will not be left in a state of indecision, as are many of them at the present time.

With respect to the grade crossing fund, may I say that its history is perhaps of interest. I believe it was initiated about 1909, at which time 20 per cent of the total cost

of construction was advanced by the government for the elimination of grade crossings. Subsequently, in 1919, this advance was increased to 40 per cent, with no more than $25,000 to be expended on one work. In 1928 the government saw fit to increase the maximum for one work to $100,000. Then in 1950 an amendment provided for increasing the amount to $150,000.

In the county of Peel there are many grade crossings, some of which are active. When I say "active", I mean there are many trains crossing over them, as well as many automobiles and motor trucks. One in particular that has closely paralleled the amendments to the grade crossing fund—and when I say "paralleled" I mean the applications for some relief were made about the time of the amendments.

It is of interest to note the estimated cost of correcting the grade crossing in this one particular instance which is on the Canadian National Railways line from Toronto to Hamilton. It is perhaps one of the busiest stretches of railroad in the Dominion of Canada. In 1910 an application was first made and the estimated cost at that time was $21,000. In 1920 the matter was again reviewed and the estimated cost had risen to $73,000. Applications were again made in 1935, 1948 and 1952. At each of these latter applications, one of the objections raised was the increase in cost. A strong representation was made by the Canadian National Railways that while they did not object to the alleviation of the situation, they thought they should not be asked to pay any of the cost of this particular grade crossing.

The population in that area has increased in the few years since the war; it has doubled. According to the Canadian National Railways the rail travel is supposed to have decreased to some extent since about 1948. However, I would say that at the present time there would be in the neighbourhood of 125 trains travelling easterly along that track each day, and about the same number travelling westerly. In addition, there is a third track or a switching track. I would suggest to the minister that there would be in the neighbourhood of 100 switchings a day. Approximately 7,500 automobiles go over the crossing in a 24-hour period. The problem is a very real one.

The safety feature seems to have been taken care of there by the installation of signals and a gate and a watchman. Consider the time that is lost by travellers in motor cars making over 250 stops per day at that crossing in order to allow the watchman to lower the gates and to raise them. As to the delay, if you take a minute for each crossing —which would be the minimum time, I would suggest—you would have a loss of time to a large number of motorists of over four hours in the 24 hours. I suggest to the minister that in such a busy area that is a considerable loss of time and therefore of money to those people.

There are other grade crossings in the south Peel area. There is one in particular which the Department of National Defence has perhaps assisted in making more dangerous. I refer to the one that is at the junction where the same Canadian National Railways line passes the road known as the first line or Cawthra road. It has taken the name "Cawthra" from a very old family that took the lands in that area by crown grant. The Department of National Defence have purchased part of those lands for a large ordnance warehouse.

This particular grade crossing is not level, as one would normally expect grade crossings to be, but rather has a very sharp incline of the road on the north rising at an angle of about 45 degrees and then a decline at the other side at about the same angle. There is an automatic signal at the crossing which I am told has been known not to work sometimes. I suggest that that is reasonable because on occasion automatic signals do not perform properly. Since the ordnance depot has been constructed there has been a considerable increase in the vehicular traffic over the crossing. It is a narrow crossing that is dangerous to pedestrians, and I suggest that its elimination really deserves the consideration of the government, particularly in view of the fact that the increased hazard has been created by another department of the government.

With respect to the grade crossing fund itself and the elimination of grade crossings generally, having in mind the report that the minister has in his hands, I suggest that some initiative should be taken by the government rather than the municipalities being put in the position of having to make an application each time and of being met with the constant opposition of a railway such as the Canadian National to expending money for the elimination of grade crossings which are dangerous and costly in that they result in a serious loss of time to people in built-up areas.

If the minister should have the pleasure some time of visiting our wonderful county I would invite him to inspect the crossings on Hurontario street. At any time of the day he will see long lines of vehicles waiting to cross this main line of the Canadian

National Railways. In many instances I have seen a line of waiting vehicles a mile long. Much time is lost there by people who are busy and the dollars represented by time lost by Canadian citizens would eventually pay for the elimination of that level crossing.

Having regard to the history of applications to have the level crossing eliminated, I suggest to the minister that other steps must be taken in these cases to bring about the elimination of such problems. When people have applied over a period of some forty-two years for the elimination of this crossing their application must have some merit. It is not a case of someone suddenly getting the idea of applying for the elimination of a crossing. There is a history of applications for the elimination of this crossing over a period of forty-two years, but in all instances the board has not granted the request because of the resistance of the railway involved to paying its proper share. I suggest to the minister that consideration might well be given, where it is in the interests of commerce and the travelling public as a whole, to taking the initiative in eliminating such crossings rather than leaving it to the municipalities involved to make application.

There is one further point I should like to make with respect to this line of the Canadian National Railways. A commuter service is provided, and while in the past it may have been adequate I suggest with the increased population in the area and the large number of commuters who live there and work in the city of Toronto serious consideration should be given to improving the service offered both with respect to the number of trains and the type of equipment. I suggest to the minister that having regard to the size of the city of Toronto and the population in the immediate area through which the commuter trains travel the service provided does not compare with that provided for any other city on the North American continent. It seems to be an area that has been forgotten so far as commuter service is concerned. I draw that matter to the minister's attention because I know that having been brought to his attention he will see to it that, in the best interests of the people concerned, some action is taken.

Mr. Hahn: I wish to refer to railway crossings in the city of White Rock. White Rock has British Columbia's safest beach in many respects, and it certainly is one of the finest. Practically every Sunday between 20,000 and 30,000 people go there. However, between Washington avenue in the city itself and the beach there is the Great Northern Railway line. Prior to 1951 there were two crossings from the main street in the city over the railroad to the beach. In 1951 the Great Northern Railway saw fit to change the track and close the crossings. As you can well imagine there was an immediate effect upon the tourist traffic to such a notable area as this beach. The people concerned have made requests on more than one occasion that the railroad crossings be placed there again so that traffic can get to the beach, thus facilitating use of the beach. The Minister of Transport was sent a letter on January 16 of this year embodying that request, and I was wondering whether or not he would like to answer it at this time.

Mr. Montgomery: I am not going to take very long, but I think this is the proper place to bring up this matter. It has to do with the Railway Act, and I believe that the only way that the situation can be rectified is to amend the act. I bring this matter to the minister's attention because it is not so long ago that, rightly or wrongly, I headed off a bunch of petitions that were going to be sent to him with respect to overpasses and underpasses. Under section 265 of the Railway Act I understand that the board of transport commissioners does not consider that these are railway crossings towards which a contribution may be made for the elimination of danger when applications are made by municipal authorities for elimination or widening of underpasses or overpasses.

There is a serious situation in my constituency, and I call it an underpass because the highway goes under the railroad. It was built in the days when there was nothing on the road but the horse and wagon, and it was quite safe then. Now, the highway has been widened on both sides of the railroad, and the underpass is at an angle of, I would say, nearly 45 degrees to the highway. This means that any traffic coming up from the south towards the underpass cannot see the traffic approaching on the other side. I believe the act should be changed so that a portion of the money allotted for the improvement of crossings should be applicable to underpasses. Since there is no authority to do that, there is not much use saying any more.

I believe there are two other dangerous crossings in the province of New Brunswick, and I believe they are underpasses, at which several people have been killed in the past few years. I know the one in the county of Victoria is very dangerous, and we would like

to have the minister consider this matter to see whether next year there might be some amendment introduced to the act.

Mr. Chevrier: May I tell the hon. member that the report to which I referred earlier contains a reference to that which I think would meet the hon. member's position.

In answer to the hon. member's earlier question as to the grade crossing in his constituency the position is that, as is done in all of these cases, I referred it to the board for their attention. However, there is nothing the board of transport commissioners can do unless and until there is an application which comes squarely before it. Unless that application has been made either by the municipality or some other public body concerned the board cannot deal with it. Whether or not the application has been made, I do not know, but I can say that I did pass on the representations of the hon. member to the board.

Mr. Quelch: On May 27 the minister stated that he might be able to put something on the record concerning the rates on the movement of grain moving through the Crowsnest pass. Could he do that now?

Mr. Chevrier: Could I put them on at a later date when we come to the discussion of an item concerned with those? It is rather lengthy and I would prefer to do it later if I may.

Mr. MacLean: On April 28, and again on May 4 there was a question asked on the orders of the day concerning the findings of inquiries into the unfortunate air accident that took place at Moose Jaw. On May 5 the Minister of Trade and Commerce made a statement which is recorded in *Hansard* on page 4419, and which reads in part as follows:

—an interim report on the Moose Jaw aircraft disaster has now been received by the Minister of Transport (Mr. Chevrier). Interim reports have also been received by the Minister of National Defence (Mr. Claxton) and by myself as minister responsible for Trans-Canada Air Lines.

At another point the minister stated:

Standing instructions of both the R.C.A.F. and T.C.A. emphasized the necessity for care arising out of the proximity of the airways and the Moose Jaw training establishment.

He also stated:

Nevertheless, a special examination of existing regulations, both civil and military, has been undertaken on a joint basis to ascertain whether changes, particularly in those sections having a bearing on this accident, are required.

I wonder whether the minister is in a position to make a statement as to whether or not final reports of the investigations by the various authorities into this accident are now complete and available? Secondly, what action has been already taken or is contemplated towards making the recurrence of such an accident unlikely? If the minister is not in a position to give an answer now, he could do so later.

Mr. Chevrier: I can give an interim answer now but it would not add, I am sorry to say, a great deal more to what was said by the Minister of Trade and Commerce earlier. The interim report, as the hon. member knows, has been handed in but the final report is not in our hands. I cannot speak for the R.C.A.F. I do not know what the position is with reference to them. I do know, however, the matter is still under consideration. Until I have a final report, it would be difficult for me to answer the hon. member's question.

Mr. McBain: I should like to take a moment or two to express my appreciation to the minister, and through him to the board of transport commissioners, for the expeditious manner in which the request for a hearing on the Canadian National St. George street railway crossing was dealt with last January. May I also express my appreciation to the hon. member for Middlesex East, who so capably looked after the interests of the constituents of Elgin in this matter.

The railway crossing to which I have referred is on the outskirts of the city of St. Thomas and is located on the brow of a very steep hill. The grade is as high as 16 per cent. I refer specifically to this crossing as one of the many crossings in the county of Elgin. It was in the interests of the travelling public that prior to his sudden death the late C. D. Coyle, who was for many years a member of this house, endeavoured to secure added protection and had made the appointment for the hearing by the board of transport commissioners to which I made reference a few moments ago.

As you drive along the highways of rural Canada you find many crossings with practically no protection except the crossing sign. In fact, in Canada there are 25,000 of these crossings. Only 6·2 per cent of rural crossings in Canada have protective devices, and where those are to be found the most usual type of automatic signal is the flashing lights or bells. Subways and bridges offer complete protection, but there are not many of them. There are subways at only 2 per cent of all rural crossings, and bridges at 1·4 per cent. A few crossings have manually operated

gates and a very few have a watchman. This type of protection is scarce because of the high cost of labour.

In the towns and cities nearly 30 per cent of the railway crossings are protected, and the devices used are usually the same as those in the rural areas. Actually, the number of protected crossings, both rural and urban, has kept pace with the increased number of crossings. In the last 30 years some 5,000 new crossings have been added to the total. The main reason why there is not complete protection at every crossing is financial.

An hon. Member: Ten o'clock.

The Deputy Chairman: I hear some hon. members calling ten o'clock. I am sure that if the hon. member has only a few remarks to make hon. members will bear with him for a few minutes.

Mr. McBain: I shall be very brief.

The Deputy Chairman: Has the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. McBain: While there are now over 32,000 crossings in Canada, the number injured and killed was three times greater in 1950 than in 1920. Since 1920 more deaths and injuries have occurred at rural crossings than urban crossings, and the reverse was the case before 1920. The rapid increase in the number of automobiles has been mainly responsible for this situation. There are over six times as many automobiles on the roads now as there were in 1921. In addition, the greater speed of highway traffic and the increase in the amount of traffic offer extra hazards. As I stated before, only 6·2 per cent of the rural crossings have any protective devices.

In 1950 the number of people killed at rural crossings was 87, and there were 224 injured. There has however been a decrease in the number of accidents in rural areas since 1947, when there were 101 deaths and 306 injured. This may indicate the effectiveness of some of the improvements made at level crossings.

The matter of solving the level crossing problem is not as simple as one might think. It involves the matter of finance, how to divide the cost and how to spend the available money. What kind of protection is needed at railway crossings to prevent accidents? The only sure protection is a bridge or subway. By separating the highway from the railway an overhead bridge or subway does away with level crossings and eliminates the danger of a crash.

[Mr. McBain.]

Then, how effective are the flashing lights, bells and other automatic devices? I understand the board of transport commissioners made a survey of over 1,000 crossings as a check on the kinds of protection and the number of accidents. The results were as follows: Subways and overhead bridges; no accidents. Manually operated gates; some accidents at city and town streets, and provincial highways. Automatic signals, many accidents at city and town streets, some on provincial highways and a few on rural roads. Unprotected; the greatest number of accidents on all kinds of roads, whether urban, rural or provincial highways.

Thus the evidence indicates that automatic signals offer a fair measure of protection on rural roads. On city streets, however, it appears that the traffic is so heavy as to limit the effectiveness of lights and bells. On provincial highways they are also less effective than on secondary country roads. Many of the new provincial highways have no railway crossings at all, as overhead bridge or subways were built as part of the highway scheme.

I do not propose taking up further time, but I would say to the minister that progress is being made on the St. George street crossing to which I referred. I hope we will have the continued support of the minister on that project.

The Deputy Chairman: Shall the item carry?

An hon. Member: Ten o'clock.

Mr. Hansell: No. I have something to say.

Mr. Harris: I believe it would be the desire of the committee that this item be carried. If the hon. member is the only other member wishing to speak, perhaps he would do so and then we could adjourn as soon as the item is carried.

Mr. Rowe: Better adjourn now.

The Deputy Chairman: I am entirely in the hands of the committee. Is it the desire of the committee that the hon. member have leave to proceed?

Mr. Hansell: I shall cut my message short, and would not be more than four or five minutes. I do trust I am not out of order in speaking on this particular item. I refer to a certain phase of the crash which took place at Moose Jaw a few weeks ago. After looking through the estimates, this is the only item which seemed to me to offer an opportunity to discuss that subject.

Mr. Chevrier: May I interrupt the hon. member? There are at least three other

places where he could discuss the subject, particularly that dealing with civil aviation.

Mr. Knowles: Item 480.

Mr. Chevrier: It is item 480, I am told.

Mr. Hansell: All right, Mr. Chairman.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow and Friday we shall take the estimates. I have been doing my best to ascertain the wishes of hon. members opposite, and also to get in some matters for the convenience of the ministers. It does seem, therefore, that first thing tomorrow morning we might take the supplementary estimates of the Secretary of State. Then we would pass on to justice, national revenue, fisheries, the Secretary of State, trade and commerce, legislation, and privy council, in that order. This procedure is subject only to the understanding that to meet the convenience of hon. members opposite national revenue will not be called earlier than Friday morning.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

[The following item was passed in committee of supply]:

DEPARTMENT OF TRANSPORT

443. Departmental administration, $1,456,640.

HOUSE OF COMMONS

Thursday, June 3, 1954

The house met at eleven o'clock.

VETERANS AFFAIRS

SECOND REPORT OF SPECIAL COMMITTEE

Mr. W. A. Tucker (Rosthern) presented the second report of the special committee on veterans affairs.

Mr. Speaker: I am told that it is not the intention to move concurrence in this report, which is a rather lengthy one. Shall the deputy clerk dispense with the reading of the report?

Some hon. Members: Agreed.

DEFENCE PRODUCTION

AERIAL CAMERAS—INADEQUACY OF ANSWER

Mr. F. E. Lennard (Wentworth): Mr. Speaker, on a question of privilege, yesterday a question of mine dealing with aerial cameras was answered. The second part of the question reads as follows:

How many aerial cameras were contracted for during the period from January 1, to April 30, 1954, and what was the total value?

The answer given was "nil". In the *Financial Post* of April 24, 1954 appears a list of contracts awarded by the Department of Defence Production for the first half of March. In that list there appears over $1,500,000 worth of aerial camera contracts awarded to Ernst Leitz (Canada) Limited, Midland. It is very evident that either the officers of the department do not know what they are buying or the answer given to me is misleading. I should like this question to be put back on the order paper.

Right Hon. C. D. Howe (Minister of Defence Production): If I may give the explanation, either the hon. member or the *Financial Post* is wrong about the description of the camera contracts placed with Ernst Leitz (Canada) Limited. They are what are known as gun cameras. They operate from the ground or from the air but they are not known as aerial cameras. We go by the definition of the article that we believe to be correct.

[*Later:*]

Mr. Lennard: May I ask the Minister of Trade and Commerce whether or not the gun cameras mentioned are the gun cameras on planes for aerial photography and so on?

Mr. Howe (Port Arthur): That may be so; I am not an expert on gun cameras. If my hon. friend would phrase his question so as to ask how many cameras were ordered and ask us to specify the types, we will be glad to give him the information.

QUESTIONS

LONG BRANCH RIFLE RANGE, TORONTO

Mr. Pallett:

1. How many acres are there in what is known as the Long Branch rifle range in the township of Toronto?
2. What buildings, if any, are situated on the ranges?
3. What percentage of the area of land is in fact used for military purposes?
4. Did any active army personnel use the ranges last year?
5. How many reserve army personnel used the ranges during 1953?

Mr. Blanchette:

1. 303 acres of land.

2. A workshop, a magazine, a hose reel shed, a range warden's house, a general mess hall, seven range buildings owned by individual units of the Toronto garrison, two wartime buildings used as emergency married quarters by the army and a number of other wartime buildings used by the city of Toronto as emergency shelters.

3. Approximately 90 per cent. The remainder is occupied by the emergency married quarters and emergency shelter buildings.

4. Yes.

5. Twenty eight different reserve force units used the range during 1953. In addition twenty-five military rifle associations and personnel of the Royal Canadian Mounted Police, Ontario provincial police and Royal Canadian Army Cadets also frequently used the facilities of the range. Details of numbers of individuals using these ranges are not available.

VETERANS LAND ACT—SMALL HOLDINGS

Mrs. Fairclough:

1. How many veteran small holding establishments are there in Canada, under the Veterans' Land Act, established on parcels of land in excess of one-half acre?
2. What is the total acreage of the said establishments?
3. How many of the total acres of the said establishments were under cultivation and producing crops in 1953?

Mr. Bennett:

1, 2 and 3. Departmental records are not maintained on the basis of the questions asked. However, veterans have been established as small holders under the Veterans Land Act as follows: Under 1 acre, 8,793; including 1 acre up to 2 acres, 4,344; including 2 acres and up to 5 acres, 9,347; including 5 acres up to 25 acres, 3,663; including 25 acres and up, 1,594.

The average size of a small holding is 6.2 acres.

No record of number of acres developed is maintained, but reports on a sample of about half the small holdings show that on nearly 55 per cent of them summer vegetables and fruit are grown and an income sufficient to meet V.L.A. payments is made from the land; while good progress towards similar production is being made on another 35 per cent of holdings.

ISRAEL HALPERIN

Mr. Lennard:

Is the Dr. Israel Halperin who was awarded a fellowship by the Royal Society of Canada, of $4,000, payable out of Canadian government funds, the same Israel Halperin who was charged during the communist spy trials of 1946?

Mr. Pinard:

Yes. Dr. Halperin was acquitted by the court of the charges against him.

The fellowship in question was one of a number awarded annually by the Royal Society of Canada from blocked funds made available to the government of Canada by certain foreign governments in settlement of debts. Portions of these blocked funds have been set aside for scholarships and fellowships, by agreement with the governments concerned. The selection of scholars and fellows is made by and on the sole responsibility of the Royal Society of Canada, which is of course independent of the government.

ROSEHALL NURSERIES LIMITED

Mr. McWilliam:

1. Did Central Mortgage and Housing Corporation have any contracts with Rosehall Nurseries Limited, of Brantford, Ontario, prior to June 27, 1949?
2. If so, how many?
3. Where were the contracts performed?
4. What amount of money was involved?

Mr. Bourget:

1. Yes.

2. Ten.

3. Amherst, Arnprior, New Glasgow, Orillia, Ottawa, Stellarton (2 projects), Trenton, N.S., Halifax, Renfrew.

4. $164,494.22.

[Mrs. Fairclough.]

D-DAY

TENTH ANNIVERSARY—FINANCIAL ASSISTANCE TO VETERANS VISITING NORMANDY

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Veterans Affairs. What steps is the government taking to recognize the tenth anniversary of D-day next Sunday?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, the Minister of Veterans Affairs as such and the department as such have not undertaken any steps. It is not customary for the department to undertake steps to commemorate any particular event. This is not the function of the Department of Veterans Affairs.

Mr. Hees: May I ask the Secretary of State what steps the government is taking to recognize this very important day?

Hon. J. W. Pickersgill (Secretary of State): So far as I am aware, sir, none.

Mr. Hees: I should like to ask another question of the Minister of Veterans Affairs, of which I have given him notice. What financial assistance, if any, is the government willing to give to the 150 ex-service personnel who are revisiting Normandy on D-day to honour their comrades who died in that campaign?

Mr. Lapointe: As in the past, the Department of Veterans Affairs is not giving any financial assistance in such circumstances. Similar pilgrimages have taken place in the past, and they have always been done on a private basis and have been sponsored by veterans organizations or regimental organizations. The 150 veterans to whom my hon. friend has referred are only a part of the 9,000 or 10,000 Canadians who took part in the Normandy invasion on D-day, and I think my hon. friend will agree that it would be quite impossible for the Department of Veterans Affairs to give financial assistance to every one of those veterans who wished to return on the occasion of the anniversary of the invasion of Normandy. Similarly it would be impossible to give financial assistance to every veteran who wished to visit battlefields on which he has served in the past.

NUMBER OF C.B.C. COMMENTATORS TO COVER ANNIVERSARY

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to direct a question to the Minister of

National Revenue. How many C.B.C. commentators are being sent to Europe to cover the tenth anniversary of D-day?

Hon. J. J. McCann (Minister of National Revenue): I have not that information, but I can get it.

NATIONAL PARKS

BANFF—REPORTED DESTRUCTION OF FISH BELOW POWER PLANT

On the orders of the day:

Mr. C. E. Johnston (Bow River): May I direct a question to the Minister of Northern Affairs and National Resources? About a week ago I asked a question concerning the destruction of fish in Banff national park. Is the minister now prepared to give an answer to that question to which I made reference again yesterday?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): We have received a preliminary report from the field, and there are certain aspects of the situation which must still be investigated. I might say, however, that the relatively small number of fish which were destroyed as a result of their passage through the power plant turbines were not game fish and their loss will have no effect on sport fishing in the park.

However, our field officers are presently examining various solutions with the company officials. If any practical means is found of preventing the recurrence of fish losses at the plant, the hon. member may rest assured that we will have the necessary corrective measures carried out.

WATER POLLUTION

DISCHARGE OF OIL BY VESSELS OPERATING ON LAKE ONTARIO

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): I should like to make a correction, Mr. Speaker, in an answer I gave yesterday to a question by the hon. member for High Park (Mr. Cameron), having to do with the alleged pollution of lake Ontario waters by oil. I indicated that a reference made to the international joint commission had been extended to cover pollution of certain of the great lakes, including lake Ontario. I find I was in error. The reference to the international joint commission as it now stands covers only certain connecting waters of the great lakes, that is to say St. Mary river from lake Superior to lake Huron, the St. Clair river, lake St. Clair, and Detroit river between lakes Huron and Erie, and the Niagara river between lakes Erie and Ontario.

Inquiries of the Ministry

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—REQUEST FOR FURTHER STATEMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister in regard to the South Saskatchewan dam. In view of the offer of the Saskatchewan government to assume $73 million of the $135 million cost in connection therewith, what further elements have to be considered by the federal government before a decision is made to proceed?

Right Hon. L. S. St. Laurent (Prime Minister): The principal element to be considered is whether or not the expenditure of a great many millions of dollars by the nation would be in the national interest.

Mr. Diefenbaker: Who is making that determination? Is an investigation taking place at the present time?

Mr. St. Laurent: There have been investigations and I have considered the reports of all those investigations. I have not yet come to the conclusion that I can take the responsibility of recommending this project to parliament, as an undertaking of value to the nation equivalent to its cost to the nation, and I am not going to make any such recommendation until, in my own mind and conscience, I feel it is something that I can honestly do.

Right Hon. J. G. Gardiner (Minister of Agriculture): In reference to the same matter, I should like to point out that the $73 million has nothing whatever to do with what the government is considering. The government has been considering the possibility of assisting with the dam. The $73 million has to do with matters which the province would do, no matter who built the dam. If it were there the province undertook to put in all of the plant that is required below for the development of power. They undertook also to take care of all the expenses in connection with the matter of irrigation. It has never been considered that this government would be paying part of that. That is, the $73 million is a matter which the province probably will undertake if the dam is put there.

I should like to say at the same time, as the one who has been perhaps proposing this more ardently than anyone else, that the settlement of the question will not be helped at all by political questions and political speeches put forward in this house.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Fleming: A Daniel come to judgment.

Mr. Gardiner: If those who make speeches in the house—

Mr. Knowles: What is this?

Mr. Gardiner: —will recall what the Prime Minister (Mr. St. Laurent) has just said, and all he did say in Regina, that the question at issue is as to whether the completion of this project would be in the interests of Canada as a whole, then speeches along that line would be most helpful. But speeches here to the effect that I said something one time or another are not going to be very helpful,—

Some hon. Members: Oh, oh.

Mr. Gardiner: —especially when what they say I said I never did say.

Mr. Harkness: You would like to forget what you said.

Mr. Diefenbaker: Would the Minister of Agriculture agree with the editorials the other day in the *Star-Phœnix* and the Regina *Leader-Post* that excuses are no longer available, that speeches are no longer effective; what the people out there want is action.

Mr. Gardiner: They have had more action out of me than anyone else they have sent down here, including the hon. member for Prince Albert.

Mr. Diefenbaker: Action without results.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask the minister a supplementary question? Is it not a fact this recent offer by the Saskatchewan government to participate to this extent is the result of negotiations the minister himself has conducted with the Saskatchewan government, and does the minister think it would be in the national interest to complete this dam?

Mr. Gardiner: Mr. Speaker, the discussions which have taken place up to the present time, since this question was discussed a year and a half ago, have been discussions to remove certain things which we indicated would have to be cleared before we could discuss the main question at all. And what was stated in the letter which came forward —and there is no reason why it should be laid on the table, because it has been published in full in the press—is that three of the difficulties raised by this government on April 24, 1953 as standing in the way of considering the main question, one being water rights, and another being the question as to what it was going to cost, and another being whether or not the provincial government was prepared to do these things which make up the $73 million, and do them completely—these three have been cleared by the province and this government by discussion. The one other which is not yet decided is as to the amount that would have to be paid by the province in order to remove any subsidy on account of power, if the project were being considered.

That is the only question which was under discussion at the conference we had on Saturday, April 17. It is suggested by the province that the offer made in this letter of April 28 would provide for that, too. But we, here, are not prepared to accept what was stated as really providing for the removal of that condition. When agreement is reached that all four obstacles are removed the real question of whether we are going to proceed or not will be open for discussion and consideration.

Mr. Coldwell: Do you consider this expenditure is in the national interest?

Mr. Knowles: Answer.

PORK

INQUIRY AS TO EXPORT TO RUSSIA

On the orders of the day.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. This is really a request for clarification. In view of two different replies which have been received, one in a return in my name, and the other given yesterday to the hon. member for Dufferin-Simcoe (Mr. Rowe) will the minister say, with regard to tenders called for the sale of canned pork, whether it was stipulated that these sales should be made outside Canada only, or outside the North American continent?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am not sure which was which, but I will be very glad to consult our records and answer tomorrow.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPRATMENT OF THE SECRETARY OF STATE

730. To provide for special expenditure in connection with a commission under the Inquiries Act to inquire into the working of the Patent Act, the Copyright Act, the Industrial Designs Act and other related legislation, $25,000.

Mr. Fulton: Mr. Chairman, this item asks for the expenditure of $25,000 to provide for the appointment of a commission under the Inquiries Act to inquire into the working

of the Patent Act, the Copyright Act, the Industrial Designs Act and other related legislation.

The Secretary of State told us on another occasion, in very general terms, of his intentions to appoint Mr. Justice Ilsley as commissioner. I think it would be of interest to hon. members if he were to expand upon what he said on the earlier occasion. It would be helpful if he would tell us in what respect the acts have been found to be inadequate, and the nature and scope of the inquiry which is proposed to be undertaken by the commissioner.

Hon. J. W. Pickersgill (Secretary of State): Mr. Chairman, when I became Secretary of State there had been under consideration for some time a number of amendments to the Patent Act, one of which was actually introduced at the time I made the announcement in February with respect to the setting up of this commission.

It seemed to me, from such information as I was able to get on the subject—one which I admit, quite frankly, is new to me and with which I am not familiar—that some of these amendments were relatively far-reaching in their scope, and that there also appeared to be some need to consider some of the other procedures.

The matter had been under consideration for some time. After discussion with some of my colleagues, and such informal advice as I was able to get on the subject, it seemed to me it was sufficiently important to warrant an inquiry to find out what would really be the appropriate recasting of this patent legislation, which is very important from the point of view of the future industrial development of this country.

It was also represented to me by officials of the department that the Copyright Act was in considerable need, not merely of amendment but of complete overhaul; that it had not been revised for a good many years, and that many changes in the handling of copyright had developed in the interval. It was pointed out that the act really should be completely overhauled, as is customary in respect of all these pieces of legislation from time to time.

It was also drawn to my attention that the industrial designs act was really quite out of date, and that there had been tremendous development in industrial designs in recent years. Through the national gallery, with the assistance of the Department of Trade and Commerce, an attempt has been made to stimulate and promote industrial design in Canada, instead of relying, as we have in the past, upon work done in the United States, the United Kingdom and elsewhere.

I have no doubt some hon. members have attended the exhibitions which have been held under the aegis of the Minister of Citizenship and Immigration in the old Laurentian club building in the last two years where, after competitions, the best designs have been selected. A lot of good work has been done here in the field of industrial design, and it is quite obvious that the legislation does need to be considered again, and that it is, in many respects which I will not attempt to enumerate because, quite frankly, I am not competent to do so, inadequate at the moment. That is precisely one of the reasons why it seems to me we should have some competent people to take a real look at these things. I do not think that most of us in the House of Commons would feel that we have sufficient detailed knowledge of these matters to consider new legislation without advice. It would be much better to have a report from really competent people who would hear interested parties and would be able to consider what the public interest really is.

Then, the Trade Marks Act was pretty thoroughly revised at the last session of the last parliament, and is to come into operation on July 1. It is not intended that this proposed commission of inquiry should give detailed consideration to that act. It would be prepared to hear recommendations, if the terms of reference we have in mind are adopted, and incidentally to give consideration to any representations which might be made as to improvements which might be made in that legislation as well. But there is no thought in that case of attempting to go over the whole of the generally excellent work done quite recently by parliament after a great deal of work by very competent people in the field. I do not think I can put in much briefer compass the kind of considerations the government had in mind than I did on February 11 last at page 1995 of *Hansard* where I said:

> . . . it is the intention of the government within the next few months to establish a public inquiry under the Inquiries Act into the working of the Patent Act, the Copyright Act, the industrial designs act and other related legislation.

Without attempting to give any specific terms of reference, I indicated that the general scope of the inquiry was to ensure:

> . . . that adequate stimulus is being given to inventive and creative talent in Canada; to see that at the same time the public interest is being protected from undue exploitation of property in inventions and ideas.

It is my confident hope that a commission presided over by Chief Justice Ilsley will keep in mind these two considerations: The consideration that we do want to give adequate encouragement to invention and to

creativeness in Canada, and at the same time we do not want to create the kind of restrictions and monopolistic practices which will prevent the public from getting a proper benefit from such creativeness and inventiveness. That is about all that I can really usefully say at this stage.

Mr. Drew: Mr. Chairman, this item presents the possibility of one of the most useful inquiries that could be held. Having regard to the fact that we have as yet no indication of the terms of reference, I feel it is appropriate to make certain comments on the assumption that the terms of reference have not yet been settled. Am I correct in that assumption?

Mr. Pickersgill: That assumption is quite correct. As a matter of fact it will be recalled, sir, that at the time I had that bill before the house I asked for comments, and the hon. member for Kamloops said there had not been any notice given of this and hon. members would naturally want to think about it. I thought that was a most reasonable view to take. And he said that surely the matter could wait until these estimates came up. I gave an undertaking at that time that the terms of reference would not be settled finally until an opportunity had been given for any hon. member who wished to do so to give his views, and that the government would take into consideration the views that were expressed in drawing up the reference. I can assure the Leader of the Opposition that no final decision has been made, and that the government will welcome any constructive suggestions from any quarter of the house in drawing up the terms of reference.

Mr. Drew: Mr. Chairman, I was merely asking for information and not in any way challenging the position of the minister in presenting this item for the approval of the committee. I simply wished to be clear that even if there were a draft form of reference at the moment, I was directing remarks with the knowledge of that fact. I do therefore propose to make certain observations in regard to this subject, because the terms of reference under which this inquiry is conducted will, in a very large measure, indicate the pattern in respect of which the government is seeking information.

We have seen immense strides in this country within the past few years. One of the advantages of some accumulation of years is that it does make it possible to review within one's own memory the almost unbelievable changes that have taken place in this country in the past half century. From a country that was largely agricultural, and boasted of the fact that it was, we have become a country that is predominantly industrial in the actual physical production, while at the same time recognizing that agriculture is still the basic industry of this country. This immense change has been based largely upon research, combined with the education received by young Canadians in our public and high schools and in our universities, particularly in the technical branches of those universities.

Within the years that have passed the names of many Canadians have become household words all over the world. That is not confined to industrial research. We all remember the name of Saunders and his effect on agricultural production. We all remember the name of Banting, and millions of people over the world remember it from day to day with a tremendous sense of personal indebtedness. We all know the name of Best and his magnificent contribution to the preservation of blood plasma as well as his participation in the development of insulin. Within recent years we also have seen some remarkable developments in the province of Quebec, under the council that has been established there to encourage new types of ceramic and metal production. There are a number of names that I could mention now that are becoming well known far outside of Canada as a result of that planned activity. I could go on and mention many others in the aircraft industry and in other types of industry whose inventions and names are well known.

Having said all that, I think it is important for us to realize that a great part of our expansion has been the direct result of the impact on our lives of the demands of other nations through two world wars. God forbid that anyone should suggest that wars in themselves have been beneficial in their effect. Certainly that is not my suggestion. Nevertheless, this is the process of history. Other countries have had the same experience in other times. Nations which had exhausted their basic resources, that had a highly-developed skill accumulated throughout long years, found it necessary to look to other lands for those raw materials. In that process those other lands have advanced and in turn have learned how to use the raw material.

In the first world war we suddenly found that we could produce new types of heavy equipment. Our production of guns, of munitions of war and of many of the medical supplies opened new fields of industrial development in this country which after the war were turned to the advantage of our people in employment and in prosperity. Having learned something of our resources through necessity, other countries then turned more

and more to Canada after world war I. They not only looked upon us as the source of raw materials but they also brought their industrial plants here and started production here because of cheap power, because of the availability of resources, and because of the fact that we have very satisfactory water routes through which to carry our production to the markets of the world. In addition to that was the fact that being as close as we are to the coal producing areas of the United States we were able to find the industrial fuel in the central parts of the country as well as in the maritimes and in Alberta. Perhaps there may be some measure of regret in connection with that in the maritimes and in Alberta because undoubtedly it is limiting the employment of coal in the central part of Canada because of the greater availability of anthracite and bituminous coal from the mines of the United States which are fairly close to us.

Simply mentioning that indicates the kind of challenge that is presented to us. I am convinced that one of the ways in which to use our great coal resources in this country, and we sometimes forget that today we have the largest known undeveloped coal resources in the world, is to find new processes by which coal can be used for other things than fuel, and also for use as fuel in a liquid form as has been done in other countries.

I recall on different occasions seeing exhibitions in Germany and Czechoslovakia of the really fantastic products made from coal. I recall one exhibit at the world fair in Paris in 1937 which was wholly devoted to products produced from coal. I recall that you could get everything from your hat to your shoes made from coal, and I might add that this was a German exhibit.

Far from those things being ersatz products in the term of contempt in which that word was sometimes used, those products were enduring and had the quality particularly of holding dyes and things of that kind which made many of them more enduring in some cases than other products made with more conventional material. We even found sweetening material being used instead of sugar and that material came from coal.

All these things are merely a hint of the possibilities that exist in the development of our coal resources by applied research. It may be well for us to recall that at the time Britain was regularly winning the Schneider trophy before the war with the fastest piston engine airplanes, the engines were powered by liquid fuel made from coal.

There is a challenge to us to seek new methods of employment of the vast resources of coal in the maritimes and in Alberta, and may I, by way of comment, simply mention the fact that in a number of places in Europe they are developing electric energy from the burning of coal in seams underground, and producing electric energy at costs a little higher than hydroelectric power. That is being carried on today with tremendous success in Russia, Germany, and in Poland. So much for that particular field of research. That is merely a hint, I think, of the wide scope for research of this kind.

But I come back to the fact that in this great development that has taken place in the years during and since the last war we have been very largely the heirs or assigns, or perhaps I should put it the other way and say the assigns or heirs to inventions in the United States, Great Britain, Germany, and other countries. We have been the assigns in the case of the United States and Britain, and we have been the heirs through a process of international legal procedure in the case of Germany, Japan, and some other countries.

Our automobile production, our electrical production, our employment of wood resources, most of these things largely employ at this time the patents and design that have been the result of long years of research and experiment in the United States. But that is only natural. Companies like the Ford Motor Company, General Motors, and Chrysler very naturally make automobiles of the same design and pattern as those which have come off the drafting boards in the United States as a result of research there. In the case of great electrical companies like General Electric, Westinghouse and English Electric, there again we use very largely the patents, designs and research of the parent organizations in the United States and Britain of those companies which have been located in Canada.

There has, of course, been very considerable Canadian development in the field of research. I suggest, however, that here is one field in which Canadians today are challenged to establish their own independence and to follow a new line in industry, in the employment of agricultural production, in the employment of many of our new-found minerals, in the employment of various products used, particularly those used in the employment of our seafood and fresh water food, along different lines than have yet been discovered in any other land. After all, no 15 million people in the world today have the bounty which Providence has placed at our disposal, and the value of that bounty will in large measure be determined by research which will decide the kind of final product that goes to the consumer from these various things.

Now, Mr. Chairman, I do speak on this subject in some detail because it happens to be a subject with which I was closely associated not so many years ago. As the minister knows, research in this country is carried on not only in the government field by the national research council, but also by the Ontario research foundation, the research council of Alberta, the British Columbia research council, the research foundation of Nova Scotia, and the specialized research organizations in the province of Quebec where they have been set up in different specialized fields. These organizations have done great work but one of the things I found in my earlier inquiry into this subject at the time I had the responsibility for introducing certain legislation in the Ontario legislature was that there is a great need for information about research, for the pooling of research knowledge, and for the integration of research generally by voluntary efforts based upon readily available information.

Merely to give an example of the almost incredible duplication we found in some cases, I discovered on inquiry that at the time we were setting up a new research group to co-ordinate research there were three different organizations which, unknown to each other, were conducting research into blood diseases then affecting partridge in the province of Ontario. It was fairly extensive research. Of course, it was something that affected the tourist business and the people that were interested in sport. For instance, people making ammunition were interested in there being more partridge; sportsmen were interested in there being more partridge; and the government was interested in the disease which possibly might be contagious and might affect other birds or even animals. As the result of the setting up of this integrating committee, that inquiry was all co-ordinated into one single research activity.

We found other cases of duplication and multiplication in matters that to some might seem to be more important than were the mortal statistics of the partridge population of the province of Ontario. However, this procedure was welcomed. I know that the same experience has been found by the national research council as that found by these other provincial organizations I have mentioned. Mr. Chairman, it is a fact, however, that a great deal of patient and constant educational work needs to be done in this country in order to demonstrate to our manufacturers that co-operation in research is not in conflict with normal healthy competition in most cases but that, in fact, it is to the mutual advantage of all.

What is known as group research—and that is a name that now has special significance—is developing rather slowly in Canada. We have one example of group research in Canada that is a stimulating example of what can be done. It is in the Sarnia field where both the public development in the Polymer plant and the private development in the Dow Chemical plant are associated in an effective partnership along with other new industries that have recently started there and are carrying on very successfully different types of group research.

Canada today is operating in a highly competitive market. We have said that before. We should continue to repeat it. What we face is not merely a competition based upon the skill of the worker, the energy and drive of management or the availability of capital. It is something that is based upon the research which will put in the hands of the ultimate consumer the highest quality product that can come from any particular article. Why is it that today most people concede that Germany produces the best camera equipment? We had some reference to a German company which has recently set up in Canada and which is developing here a new and highly successful industry based upon German research. It is because of their tremendous concentration on research. A large part of the almost unbelievable revival of industrial production in western Germany is the result of the devotion of an extremely large part of their manpower to pure research. As a result, in Germany today there will be seen in the shops articles not only of high quality but of new design and of new uses which are giving many of the producers an advantage in world competition in these days.

I should like to say that, along with group research, we have evidence of what can be achieved by highly specialized research. One of the most remarkable examples in the world—if not perhaps the most remarkable one—of the value of pure research is to be found at the Philips electric plant at Eindhoven in Holland. There, in a country that could be contained within the boundaries of lake Ontario, where a population much smaller than ours occupies that small land area, there is to be found an industrial plant employing more than 30,000 workmen in one place as well as with subsidiary plants in other places. Their world position in the highly competitive field of electrical production, and particularly electronics, has been based on the concentration on pure research.

In Eindhoven alone I found over 2,000 men and women working on nothing but pure

research. As a result, they have been years ahead in many new types of production in the electronic and mechanical-electric field and in the heavy electrical production field. It is that factor alone, along with the skill of the workmen, the drive of the management and the availability of markets by seaborne routes, that has given them this tremendous industry in what is such a comparatively small country.

I mention this example to suggest the wide, almost limitless field for inquiry that exists. In this country with our enormous resources, how can we put those raw materials to still greater effect than is now being done in Holland where they must import all their raw materials and yet are able to produce this extraordinary result because of research itself? How can we widen in every way the employment of our agricultural products, of which we have such an abundance? Agricultural chemurgy is today one specialized field of chemical research that needs to be explored in this country in order to find new ways of turning into finished industrial products the enormous food surpluses we normally have. In our competition not only with the United States and Britain but with Germany and Japan as well,—and I would underline Germany and Japan with their high skill and low wages—we must in this competitive world be prepared to meet them on even terms. We can only do that by a process of education and encouragement of research, along with inquiry into practical methods of research.

While I certainly believe in the encouragement of such examples of private research as are to be found in the Philips plant in Eindhoven—yes, are to be found in some of our great wood products industries in this country today—may I suggest that we should also remember that there may be some types of development where, under the national research council or some of the provincial research organizations, pilot plants may well be the answer to the problem. Those pilot plants might be conducted in co-operation with industry or separately, all depending on the particular circumstances. This also is a field of exploration that is before us.

All I have sought to do, Mr. Chairman, is by illustration to express my own belief in the vital importance of research to Canada at this time and to suggest some lines of inquiry which this commission might follow in seeking to place before the government recommendations or legislation that would encourage research throughout Canada.

I want to go back and to say only a few words about one subject I mentioned before. I mentioned what happened in the case of the invention of the jet engine by a young Englishman named Whittle. I recalled that Sir Robert Watson-Watt, the man primarily responsible for the invention of that other great development of the war period, radar, had pointed out that as the result of a certain lack of supervision of patents and through no fault of Whittle, certainly through no lack of loyalty or intense devotion to the British cause, the patent of this new device had become public property. I pointed out that German agents had obtained full drawings of the patent and that actually, although it was a British invention, the Germans had produced jet engines before they were produced in Britain with the result that many of the jets that have been employed by the Russians in the past few years are the direct heirs and descendants of that unfortunate accident.

I say that because we all know that Russian jet development is almost entirely dependent upon the fact that Russia occupied East Germany where the great engine plants had been established to keep them as far away as possible from British, American and Canadian bombing, and that therefore they acquired these plants where they still stood and they absorbed much of the technical skill that was available. I want to repeat that this was not something merely to illustrate caution. That was a tragic incident that has actually increased the danger to the whole world on a scale that we can hardly yet realize. It is likely that those who saw that huge Tupelov bomber fly over Red square a few weeks ago would not have seen such an event for years to come had it not been for the accidental discovery of that patent through the very simple circumstance that it was patented in the ordinary way and became available to German agents who passed it on to their own government.

Along with the inquiry into ways by which we can encourage research, may I most strongly urge that an inquiry also be conducted into the way in which, without in any way limiting the initiative of our people and suppressing inventive development, we may seek to avoid a repetition of that tragic event which has greatly increased the danger to every one of us at this time.

This is a subject perhaps second to none in its importance to the development of Canada. Research at a high level, research such as is applied to industry in Germany, Japan, Holland, the United States and Britain at this time, can expand employment enormously in the use of the resources we possess. This inquiry could well open the door to new

stages of development which would mean prosperity to Canada on a scale of which we have hardly yet dreamed.

The Chairman: Shall the resolution carry?

Mr. Fulton: Before it carries, if the minister is not going to make any comment on the remarks of the Leader of the Opposition, which I rather felt he might do—

Mr. Pickersgill: I was going to wait until I had heard all hon. members.

Mr. Fulton: I am glad to hear the minister indicate that he intends to reply. When he replies I wish he would also cover in brief outline the procedure under which it is intended that this inquiry should operate. Is it intended that the commissioner should sit in various parts of Canada or is it felt that the purpose will be sufficiently served if he sits in Ottawa and invites interested parties either to send written or to make oral representations in Ottawa? Is it proposed that the chief justice should be the sole commissioner, or will he have other commissioners sitting with him? What arrangements are being made for technical and advisory staff? These questions are ones which occur to me concerning which I think the house and the country would be interested in knowing the answers so that it will be as well and as widely understood as possible how those who are interested in this matter should go about making their representations.

Mr. Pickersgill: Mr. Chairman, I should like to say that I have listened carefully, as I think every other hon. member did, to the most interesting and, for me, in many respects instructive observations made by the Leader of the Opposition. Of course I know that he understands as well as the rest of us that the only way in which this commission of inquiry can promote research is an indirect one. The positive promotion by the federal authorities of research is the responsibility of such organisms as the national research council, the defence research board, the fisheries research council, the various research organizations in the Department of Agriculture, the bureau of mines and a great many other places in the federal government, as well as of provincial agencies and university bodies to which the hon. gentleman referred.

I do think, however, that his contribution was in no sense irrelevant because I think it is most important that the patent law and the law with respect to industrial design should be considered precisely from the points of view the hon. member mentioned. In other words, the primary purpose of having patents, as I conceive it, is not to create or consecrate a particular kind of private property for the benefit of some individual to be used selfishly for his own good; it is primarily to give stimulus to inventiveness because it is believed that such stimulus is in the public interest. To the extent to which our law can be so drafted and administered that it does tend to encourage Canadians to do independent research and encourages them by giving them the benefit of their research, to that extent will the industrial and other developments which are based on that kind of research also benefit.

I do feel, and it is one of the reasons the government felt it was desirable to have a commission of inquiry, that the first and most important consideration in the minds of the commissioners should be how will these laws conduce to the development of this country. I think that the Leader of the Opposition, by emphasizing the points he did—and I shall see that they are drawn to the attention of the commission of inquiry—will give an orientation to the inquiry which will be most helpful.

With respect to the question of maintaining proper security for patents that are of significance from the point of view of the defence of the country, I indicated the other day on the third reading of the bill that was before the house at that time, and I do not think I can indicate any more than that, that the present law does contain about as much protection as anybody has been able to conceive it is possible to put in the law itself. But I will certainly suggest to the commissioners that they should give consideration to any method by which they think the law can be strengthened.

I think the Leader of the Opposition is right in feeling that it is not so much the words of the law as the way that it is administered and the vigilance with which these things are scrutinized to make sure, when an application is made to patent any invention such as the one to which he referred, that before publicity of any kind is given to it it is referred to the proper organization, such as the defence research board, which body can consider its merits and exercise their best judgment as to whether or not it is the kind of thing which requires secrecy for national security reasons.

As to the question of procedure, I have had one or two discussions with Chief Justice Ilsley about the way in which the inquiry will be carried on. I do not think it would be wise to commit the commission in advance by saying that they would not sit anywhere except in Ottawa. Personally I hope it will not be necessary to go anywhere else. I do

not feel that this is the kind of inquiry where, in the normal course, it should be necessary to travel about the country. I conceive that the number of people who will wish to make representations will be relatively small, as it is a relatively specialized field. It would probably be quite adequate to provide for hearings here in Ottawa. I do not think it would be wise to limit the commission.

It is not intended that Chief Justice Ilsley should be the sole commissioner. Perhaps I might disclose to the committee that the government has already given consideration to the personnel of the commission and it is intended to ask, in addition to Chief Justice Ilsley, Mr. Guy Favreau, who is a member of the restrictive trade practices commission and Mr. W. W. Buchanan, who is a member of the tariff board, to be commissioners with Chief Justice Ilsley. The reason for the selection of these two gentlemen is that there is an obvious relationship between the fields of patents and copyright on the one hand, and restrictive practices, as well as the administration of customs on the other. It was felt that it would be of benefit to the inquiry to have the particular kind of experience these gentlemen already have in the ordinary occupations in which they are serving, and that their service on this commission would increase their value as public servants when they have completed this work.

Now, as to technical assistance Chief Justice Ilsley is giving some consideration to the kind and extent of technical assistance he will need, apart from such assistance as will be provided by the government through its regular agencies, such as the commissioner of patents—

Mr. Fulton: Whether it is coming from inside or outside, that is what I had in mind.

Mr. Pickersgill: There will be, I believe, a necessity for some other technical assistance, but Chief Justice Ilsley has by no means made up his mind yet as to what he is really going to need. It is my hope and expectation that this inquiry can be set up in the next fortnight or so and begin work immediately. I plan to have some discussions myself with the chief justice, and the officers of my department will be having them as well. Our feeling is that the commission itself will have to decide what it needs, and what it needs it will get.

Perhaps I should say one more word about the amount. This is a real estimate. It is perhaps a "guesstimate", if I may use the language of *Time* magazine. No one can forecast very accurately, except in relation to previous experience what such a commission will cost.

Mr. Drew: It is not a conservative figure?

Mr. Pickersgill: In view of the fact Chief Justice Ilsley is going to preside over this commission I do not think it will be run extravagantly.

Mr. Drew: I assure the minister, Mr. Chairman, that I do not propose to extend my remarks. I am grateful for the indication that he will consider the suggestions that have been made. I wish to add one other suggestion that I omitted because I was speaking without notes on this subject. One subject that I would hope would also be included in the terms of reference, and it is to the scope of the terms of reference that my remarks have been directed, is the assistance that can be given to research, whether it be industrial or agricultural research or other types of research, by such things as tax relief, accelerated depreciation on research equipment and other encouragements of that kind. This step has been taken in Britain and the United States, and more particularly in those European countries that have been encouraging research so strongly in the past few years. I would hope that the terms of reference would specifically call for an inquiry into that type of encouragement of research, so that we could have a digest of the experience of other countries in that field.

Mr. Pickersgill: Perhaps I should say one word on that point. It is a point upon which I could not make any commitment without consulting my colleagues because to include subjects of this sort would probably be trespassing upon responsibilities that are not mine. I shall draw the hon. gentleman's remarks to the attention of those of my colleagues who are not here and who are concerned with this suggestion. I shall see that the suggestion is given consideration by the government.

Mr. Fulton: I should like to make one comment on the personnel of the proposed commission, Mr. Chairman, not in any sense to suggest that their qualifications have not been already carefully considered, but just to express the hope that by virtue of setting up this particular commission of inquiry and including upon it a member who is also a member of the restrictive trade practices commission, that it will not unduly limit the scope of that equally important inquiry the restrictive trade practices commission is making into the subject of loss leaders. I am sure that will have been carefully considered, but it is a caution which occurs to me. We are all extremely interested in the protection of the small businessman who

is suffering as a result of the loss leader practice now. I would not like to see anything done which would hinder the prosecution of an inquiry into that practice.

I just wondered whether possibly there would not be personnel available elsewhere who might not actually have to come from that commission itself. Has that point been given consideration?

Mr. Pickersgill: Yes, that point was given careful consideration. I had several consultations with the Minister of Justice about that point and also with Mr. Favreau, as well as with Chief Justice Ilsley. It was felt that priority would have to be given to the primary duties of Mr. Favreau as a member of the restrictive trade practices commission, but that his services were so desirable on other grounds that this inquiry would adapt itself to the exigencies of the other service.

It is not my expectation that it will be possible for this commission to complete its work in time to contemplate any legislation at the next session of parliament. I do not think that would be physically possible, and therefore I do not believe we will be impeding the work of this commission of inquiry in any way by giving the priority I have indicated to the other.

Item agreed to.

The Chairman: Is it the desire that I should call items 728 and 729?

Mr. Pickersgill: No, proceed with Justice.

The Chairman: We shall then proceed with the Department of Justice, item No. 162.

DEPARTMENT OF JUSTICE

162. Departmental administration (including the former administration of justice—miscellaneous expenditure, including expenses of litigated matters, $427,600.

Mr. Fulton: On this item, Mr. Chairman, I think it is appropriate to raise several matters of a general nature. The one which I have particularly in mind to discuss is the matter of the security screening system in practice for the purpose of ensuring that all those in the public service shall be loyal to Canada and to no other country. There has been considerable discussion of this matter during this session, largely by way of question and answer and also considerable comment on it in the press.

Before I proceed with any general remarks, I should like to ask the minister if he will indicate whether, as a result of any consideration the government may have given following that earlier discussion, there are any substantial changes in the method now being followed or in the government's readiness to give information which previously has been withheld. This might obviate the necessity for any remarks at this time.

Mr. Garson: The answer to my hon. friend's question is no.

Mr. Fulton: Then, I should like to proceed by reviewing in as brief a fashion as I can the discussions that have taken place in the past, and laying before the committee some reasons that I believe indicate there should be a substantial change in the policy of the government, not only with respect to its machinery for carrying out any screening but with respect to its policy of giving information to this country on the results of those efforts.

I state at the outset my opinion that there is an entirely undesirable and unnecessary degree of secrecy surrounding this matter of security within the public service. There can be surely no disagreement on the general principle that, in the light of the revelations made here in 1945 and 1946, and more recently in Australia in connection with the Petrov case, and what we know generally of communist methods, it is essential that industry, government, and all those concerned with the particular or general administration of our affairs should ensure to the maximum possible degree that those who are charged with responsibility in any way in connection with the handling of those affairs should be loyal to Canada, and should not have communist loyalty.

It is on that basis that the security program was set up. I feel also that there would be no disagreement with two other general provisions of the program, the first of which is the desirability of ensuring that the program is as effective as it can be made to accomplish its object of screening out all those as to whose loyalty there is reason for question or doubt. And, along with that, there should be the fulfilment of the desire to ensure that the working of that system is not unfair to those who may come under suspicion. It is in connection with the problem of compromising those two equally desirable objectives, the efficiency of the screening system and its effectiveness, and the preservation of fairness to those who may be subject to review, that the difficulty seems to lie.

I suggest that what has been revealed during the past session, and on earlier occasions, indicates that our system falls down badly under both these headings. The reasons I advance in support of that proposition are those features which have emerged from the discussion of the subject. The first is the unreasonable and, I think, the dangerous

refusal of this government to give information as to what results have been achieved by security measures. I wish to be careful not to make any statements which are not based on facts. But here we are left to draw our own conclusions in the realm of fancy, and that is as a result of the government's refusal to give information to which I submit the house and the country are properly entitled.

It is difficult therefore to make statements on the basis of fact. Nevertheless I think we do have to draw such conclusions as it is reasonable to draw from the situation as we find it. And it is as consistent with the government's refusal to give information to draw the conclusion that the results of their system have not been effective as it would be to draw the conclusion that they have been effective. If they have been effective, then I can see no reason why the results should not be made known. Because I submit those results can be made known in a manner which is not unfair to any individual, and which would result in no prejudice either to the private or public interest.

What is the history of this refusal to give information? The government says it cannot be given without prejudice to individuals. Well, so far as this year is concerned, on March 3 I began to ask detailed questions regarding the government's security screening program. It was on that date that the Minister of Trade and Commerce, as the Acting Prime Minister, refused that information. The following question, to which an answer was refused, is found at page 2618 of *Hansard*:

> 1. Since January 1, 1947, how many dominion government employees of all categories have been screened out of their former positions for security reasons in each department, agency, or crown corporation?
>
> 2. Of these (a) how many have been dismissed from the department, agency or crown corporation in question; (b) how many have been moved to other less sensitive positions?

No name was asked for; not even the identification of a position within a department was asked for. All that was asked was a simple total, broken down by departments, agencies of government or crown corporations. On that occasion the Acting Prime Minister said:

> In my opinion it is not in the public interest to say why people were dismissed from the service, whether it was on security grounds or otherwise.

I submit it is very much in the public interest to know whether people have been dismissed from the public service on security grounds. It is in the public interest, and for two reasons: First, we are entitled to know whether disloyal people have been found in the public service and, if so, what damage may have been done during the period they were in it. Secondly, we are entitled to know how effective government measures are, by which they are seeking to protect the public interest and the loyalty of our public service. How can it be argued that this parliament, which represents the people of Canada, is not entitled to information of that kind, and is not entitled to know whether people have been dismissed from the service on security grounds?

I pointed out to the Acting Prime Minister on that date that the questions as asked would not give the identity of any individual. I am prepared to admit that unless an individual himself seeks to make a public issue of it, and is prepared to have it made public, he is entitled to such protection as he can be given in connection with these security matters. I pointed out to the Acting Prime Minister—the Minister of Trade and Commerce—on that occasion that no individual would be identified by giving an answer to the questions in the form in which they were asked. I pressed him for a reconsideration of his decision. That reconsideration was refused, and the questions were ordered to be dropped.

In the course of that further discussion the Minister of Trade and Commerce used a word, the use of which I cannot believe was other than deliberate, because the question had been under consideration and had appeared on the order paper for some days. He used the word "McCarthyism" in a context which could only have the implication that those who sought to obtain any information whatsoever about this matter were guilty of that particular form of activity. In what I shall have to say a little later I think it will emerge clearly that if there is any "McCarthyism" involved here it rests squarely with the government, and the likelihood of it is made more probable because of the course of action followed by the government itself in connection with its whole program of security screening.

Here, this type of factual information as to the totals of those affected is denied. We do not find that to be the situation in the United States or in Great Britain. I am not referring at all to the particular committee in the United States headed by the senator whose name is so well known to us here. But there are other and more appropriate methods of inquiry being conducted down there by the executive itself, following procedures which I think it might be generally agreed are on a sound and proper basis.

By coincidence, on the very same day that the answers were being refused to the Canadian people, similar information was being made available by the executive of the United States to the people of the United States. I have a report which appeared in the New

York *Times* of March 3. Actually it was given down there the previous day. It was given in Washington on March 2. Here are some examples of the information which the people of the United States are given as to the effectiveness of their security screening program. The article commences:

383 persons were included today in a broadly-defined subversive category among 2,427 security risk separations from government employment during the final seven months of 1953. Philip Young, chairman of the civil service commission, explained to a Senate committee however, that he could not say any or all of the 383 were either communists or subversives.

He said they had "derogatory material of a substantial nature in their personnel file".

Therefore, without identifying anybody the total is given. A little later in the article it indicates that a complete breakdown of the results of their security screening program has also been given. It reported a total of 1,074 dismissals and 1,353 resignations under the security program between May 28 and December 31 last year. Mr. Young gave this breakdown, and the article continues to give other figures. It is a very complete breakdown of a total of over 2,000 cases. That is the type of information that I asked for here in this house on March 3 and was refused by the Canadian government on that day, but which had been given to the United States people just one day before.

Then, in case it is felt that the practice in the United States is coloured by what goes on there under the guise of McCarthyism—although I point out that this was not a McCarthy type of inquiry, this was a careful, cautious, and sensible statement made by the executive, in contrast to the other—but in case it is felt that what is done down there under the present circumstances would not be a safe example, I refer to the practice in Great Britain, where on at least two occasions to my knowledge and I should think probably far more, very complete information has been given as to the results of the government security screening program, as to what has been found, the number of dismissals, and so on. In 1950 information was given out through the British information service as follows:

The number of cases considered by the end of April, 1950 was 86, of which one was because of membership in the fascist party. The following table shows the disposition of the cases considered.

Then, they give a breakdown as to how that whole 86 are made up. It might be interesting to read this into the record:

Transferred to non-secret departments	32
Resigned	5
Exonerated and reinstated	19

That, Mr, Chairman, is a most interesting figure, in view of what I shall have to say under the second general heading of my criticism of the government's security methods; that is, that they do not come up to standard on the point of preserving fairness to the dismissed civil servant because there is no appeal system provided here as there is in the United Kingdom. It is very interesting to note that under their system 19 suspected civil servants were exonerated and reinstated. The breakdown continues:

Dismissed, (including 1 fascist)	7
Retired for health reasons before completion of investigations	1
On special leave, either sub judice or confirmed communists awaiting transfer or dismissal	2

I can see no reason why that sort of information should not be given here. Indeed, there is no reason, there can be no justification, for refusal of similar information in Canada. That was April, 1950. On a later occasion similar information was given in the British House of Commons. Actually, this information came to my attention through a United States newspaper, the *Christian Science Monitor,* of March 17, 1954, which contained a report reading as follows:

British security investigations have resulted in the dismissal of 24 British civil servants, chancellor of the exchequer Richard Butler told the House of Commons. Another 72 persons have been transferred to other duties, he said.

It will be seen, Mr. Chairman, that that statement of 1954 brings more up to date the statement given up to the end of April, 1950.

I have not taken the time to make a detailed check of the British *Hansard* to find if there were other occasions when these periodic reports on the results and the effectiveness of their security system were made to their house, but I should think it is probably extremely likely. And since what has been said makes perfectly evident that the United Kingdom, which pays as much attention to the question of the security and the dignity of the individual as we do here, finds this factual information as to the total number affected can be given without prejudice to them at all, then there is no justifiable reason whatsoever why the same course should not be followed here.

I have indicated that on March 3 an attempt to get this sort of information was refused by the government. I have indicated that in other jurisdictions that information is given. In case it might be felt that that was an isolated case and that the government would perhaps reconsider it, I made another effort to obtain factual information. The question appeared in *Hansard* of March 25, 1954 and was answered on March 29. The question was as follows:

On the occasion when the loyalty screening of government employees was first completed, were

there any dismissals or transfers, and if so, how many, in the following departments or agencies of government; (a) external affairs; (b) national defence; (c) national research council; (d) Canadian Broadcasting Corporation (both domestic and international services); (e) national film board?

I think it will be agreed, Mr. Chairman, that generally speaking these are very important departments or agencies of government having to deal, as they do, with matters vital to our national defence, or alternatively matters of general informational services where communist leanings or communist loyalties could be most disastrous from the point of view of their effect on the material which goes out over those services. Therefore it is a very important thing for the people of Canada to know how effective has been the result of the government screening in these vital departments. The answer was given by the Prime Minister himself on this occasion as follows:

The only answer I can make is that this government must take the responsibility of refusing to make a public record of the information requested by the question for the reasons given by the Acting Prime Minister (Mr. Howe) in answering orally a similar question on March 3.

So that the decision of the government remains the same. This information, of a type which is available to the people of the United States and of the United Kingdom, is not to be made available to the Canadian people through their House of Commons. I pointed out immediately to the Prime Minister, Mr. Chairman, as you will probably recall, that similar information had been given here on a previous occasion with respect to the national film board. On that occasion, when we asked a question as to how many releases for security reasons had been made from that board we were given the figures. They will be found at page 1343 of *Hansard* of March 29, 1950 when, after having made a general report on the screening of the national film board, the minister was asked a question as to the numbers released, and he replied as follows:

Perhaps I should tell the house that during the course of the screening there were some 580 odd files examined, and as a result thereof, and for reasons which could be attributed to the security screening, there were three separations from the board.

I also find that on another occasion in 1950 I asked a question as to the number of separations from the national research council for security reasons and I was given the information that two had been thus separated. On that occasion we were given their actual positions on the board. Therefore, back in 1950 there was no objection to answering one or two isolated questions and answering them in more detail than they are now being asked. Yet, in 1954 questions dealing with exactly similar matters in a more general form with less detail are being refused. In 1950 the government was willing to say how many separations had been made from the national film board for security reasons, and in 1954 it is not.

What reason, Mr. Chairman, can there be? What harm was done by information given in 1950, except perhaps to the government? What harm was done to the general interest or welfare which could result in a change of decision? I suggest that we can only draw the conclusion with which we are left, and on the basis of lack of information that conclusion is as logical as any other conclusion can be, namely that the only interest which could suffer is that of the government, and that it is for that reason they do not wish to disclose this information. That is the reason for the change of heart and the change of attitude between 1950 and 1954.

Whatever the reason I submit that the present policy is wrong and unjustified, and indeed is dangerous rather than beneficial to the public interest, because I submit it is dangerous to leave the people of Canada in the dark as to the effectiveness of the government's security screening measures.

Not only are we refused information as to the effectiveness of these measures from the point of view of the number of dismissals which may have resulted, and which would enable us to make some estimate as to whether this screening is being vigorously and successfully pursued, but we are also denied information as to who is carrying it out. The Canadian people are not to be permitted to know the personnel who are in large measure charged with supplying the advice on which a decision is made as to whether a civil servant should be removed. I can think of nothing more important for us to know, and no information to which we are more entitled, than the names of the persons who are in charge of this highly important and in fact vital duty in connection with the protection of the public interest.

But hon. members will recall that when we asked the names of the personnel of the security panel, the security panel which, as I understand it, passes on the more important cases of security investigations, we were told that it is an established and general principle to preserve the anonymity of civil servants serving on interdepartmental committees of this nature. All we are to know is that this panel is made up of senior officers of government departments which are themselves most concerned with security matters. We were not even to know whether the present Secretary of State on a former occasion served on the secretariat of

that panel. He was not being asked whether he is a member of the panel now. We asked whether he had formerly been on it. Perhaps the mistake I made was asking whether, if he had been on it, he has now an opportunity to answer officially any questions with relation to the work of the panel, because I can imagine the government saying, "Oh, oh, if we say he was on it then perhaps he will be pressed to give an answer to some questions so we had better hide again behind this cloak of secrecy and simply say we are not going to say whether he was on it or not." Of course, it is a matter of general knowledge that the present Secretary of State was on the secretariat at the time when he—

Mr. Pickersgill: That it not correct.

Mr. Fulton: Well, now we have the answer to my question, Mr. Chairman, and how much and simpler it would have been if the government had said "No" when I asked the question some two or three months ago. Now we have got that information—

Mr. Knowles: We thought he was ubiquitous.

Mr. Fulton: —and it need not have been necessary to take so long to get it. The Secretary of State now indicates he is willing to give some answers to these questions: I hope his attitude will permeate the epidermis of the Minister of Justice and produce in him some reaction and also in the Prime Minister, so that we can perhaps have a realistic approach to this question of security screening and find out some information as to what is going on and who is carrying out this work. Perhaps I may ask the Secretary of State while he is in this answering mood, if he will tell us whether he is on the security panel at the present time?

Mr. Knowles: He is as silent as the Minister of agriculture was a little while ago.

Mr. Fulton: We will leave him to think that one over. The second branch on which I suggest our security screening system falls far short of the desirable standard is that it does not ensure that there will be the maximum possible fairness to the individual who may come under security investigation.

But perhaps, Mr. Chairman, before I go on to that I might mention one other factor in connection with the important point that this house is entitled to information as to who is carrying out this work, and is entitled to know who is serving on the security panel. One of the reasons why we seek this information is that we cannot but help recall with considerable misgiving, when we think about it, the examples of inefficiency in the past with respect to this matter of security in the public service. We think of revelations at the time of the royal commission on espionage when it was made clear to what extent there had been communist infiltration into the public service. That started the matter off. We have to remember that there had been that infiltration and no one in the government knew anything about it.

Then we were further disturbed to learn that, notwithstanding that there had been a notebook turned over by Mr. Gouzenko, showing among others the name of Klaus Fuchs, that matter had not been followed up with the result that Fuchs continued for an appreciable period to turn over to his Russian masters secrets of vital importance to the defence of the free world. Although this name had been in the notebook turned over by Mr. Gouzenko, when I pressed in 1950 for information regarding measures taken to investigate the names of others in the notebook we got answers which are masterpieces as an example of lack of information. They were lengthy, courteous, but completely uninformative as to what was being done to follow up and to make sure that all those with their names in the notebook had been investigated, and that those who could genuinely be suspected with regard to their loyalty had been removed from the public service.

We could obtain no information to satisfy us that the government had acted vigorously under that heading. And I was disturbed to find out just recently, from an answer given to me by the Minister of Citizenship and Immigration, that although Sam Carr was clearly shown to be involved in this espionage ring and was also shown to have obtained his certificate of naturalization by fraud, that that certificate has not been revoked.

Mr. Harris: Would my hon. friend state the nature of the fraud?

Mr. Fulton: It will be found in the report of the royal commission on espionage that at the time when he made his application for citizenship he said in evidence that he had no loyalty to any country other than Canada, and it was later found that at the very time he made that statement he was engaged in espionage. If the minister cares to read the report of the royal commission with particular reference to Sam Carr he will find very interesting reading showing the extent to which efforts were made to give Carr his citizenship at the very time when he was engaged in espionage.

Mr. Harris: I read the report.

Mr. Fulton: That man is now free to wander about the world with a valid certificate of naturalization giving him all the position—until it is revoked—of a Canadian citizen. But in the answer given to me by the Minister of Citizenship and Immigration it is stated clearly that Sam Carr swore an oath or subscribed to a declaration of allegiance. I had better read the question and the answer. The question is as follows:

In order to obtain his certificate of naturalization on March 1, 1945, did Sam Carr swear an oath or subscribe to a declaration of allegiance or make any other form of affirmation of loyalty to His Majesty and to Canada?

The answer is: yes. Well, on March 1, 1945, he was up to his neck in espionage under orders from his Russian masters, yet swearing allegiance to Canada and to His Majesty. The second question was as follows:

Has his grant of naturalization ever been revoked on grounds that it was obtained by false representations or on any other grounds?

The answer is: no. The result is, as I have said, that Sam Carr is now free to produce that certificate which has the effect of enabling him to say "I am a Canadian citizen"—and it has never been revoked—wherever he may go.

Then, Mr. Chairman, I turn to the second ground of criticism of the government's security screening measures, namely, that they have in them all the elements which make them potentially unfair and in fact unfair to civil servants who may be investigated. I would point out that under the Canadian system there exists no right of appeal by any civil servant who may be suspected or who may have been dismissed from his position or transferred to a less sensitive position on security grounds. That fact was made clear in lengthy answers to questions asked in the house and which I need not summarize in detail because I am sure the effect of them will be fresh in the minds of the members of the committee.

It will be recalled that the explanation was given that in arriving at their decisions as to the suitability of a civil servant to continue in his present employment, there were taken into account the associations of that civil servant with others who may be suspected or be known to be disloyal. The explanation was also given that when a decision was being arrived at as to the suitability or otherwise of the civil servant to continue in his employment, he was not confronted, as a general rule, with the statement that he was suspected and was not given an opportunity to clear himself of the suspicion. We therefore have two features. First, we have what can only be called the principle of guilt by association accepted in this method. Second, we have the fact that the man suspected and in effect found guilty and removed from his employment is not given an opportunity to meet the case against him.

When you realize, Mr. Chairman, that those two aspects are present under our screening system, and then remember that the Minister of Trade and Commerce used the word "McCarthyism" as applied to those who were trying to get information on these things on March 3, 1954, I think you will agree with me when I say that, if there is McCarthyism here, you can see where it lies.

There are other and older forms than that one of vile investigating methods—

Mr. Garson: Mr. Chairman, I rise on a question of privilege. I think that my hon. friend—and I am sure quite unintentionally—is misrepresenting, or perhaps has not remembered, the explanations which heretofore have been given about the very process which he is purporting to describe.

Mr. Fulton: Oh, indeed I have. Mr. Chairman, I do not think there is any point of privilege here. I certainly remember them and I am coming to them. I am going to show them to be completely unfounded and groundless.

Mr. Garson: Mr. Chairman, I should like—

Mr. Fulton: The minister will have an opportunity to reply.

The Chairman: Order. I must hear the minister's question of privilege before I can decide whether or not it is one.

Mr. Garson: My hon. friend has been complaining, Mr. Chairman—

Mr. Drew: What is the point of privilege?

Mr. Garson: I will state my question of privilege if my hon. friend will give me an opportunity to do so. My hon. friend has been complaining that he has had difficulty in getting from the government a description of what takes place in matters of this kind. Yet, in the face of that complaint, he himself goes on to describe what takes places. I suggest he has made it clear that the only source of information he could have for the statements he is making is the information which he obtained from the government. I should like to place on record this correction as to what it was he obtained from us.

Mr. Rowe: There is no question of privilege in that.

Mr. Fulton: Mr. Chairman—

Mr. Garson: The hon. member is misrepresenting the information he has received from us.

Mr. Fulton: Mr. Chairman, by what the minister has said already you will see clearly that there is no question of privilege involved in this discussion at all.

Mr. Stuart (Charlotte): Would you not like to have the explanation?

Mr. Fulton: I have told the minister that I am going to deal with some of the so-called explanations and justifications contained in the answers. If the minister thinks I have not completely or fully placed the matter on the record he will have the opportunity to reply.

Mr. Garson: But, Mr. Chairman, in view of the fact that my hon. friend has made it abundantly clear that any information he possesses is that which he has received from us—indeed his complaint is that he has not been able to get enough information about the matter—I think that he should—and I would say gladly—accept a correction when he is now laying before the house inaccurately information which he received from us.

Mr. Rowe: That is not a question of privilege. It is a speech within a speech.

Mr. Garson: The hon. member is misquoting information which he obtained from the government.

Mr. Fulton: We can read into the record the questions and the answers received. This is not a question of privilege. I will do that if the minister wants me to do so.

The Chairman: If the minister wishes to correct a statement which the hon. member for Kamloops has attributed to him, I think I should hear the minister. On the other hand,—

Mr. Drew: Mr. Chairman,—

The Chairman: Order. On the other hand, if the minister intends to refer to some other matter, then I cannot hold it to be a question of privilege.

Mr. Fulton: The answers were given by the Minister of Trade and Commerce, not by the Minister of Justice.

Mr. Garson: The description which my hon. friend has been purporting to give and has been giving rather inaccurately of what took place was the subject matter—

Mr. Drew: Mr. Chairman, I rise—

Mr. Garson: May I just finish?

Mr. Drew: —on a point of order.

The Chairman: Order. The minister is on his feet on a question of privilege.

[Mr. Garson.]

Mr. Drew: That is true. But the minister is not the chairman. I rose before Your Honour had sat down.

The Chairman: Order. The Leader of the Opposition should not rise while I am on my feet.

Mr. Drew: That is quite true, Mr. Chairman. I rose on a point of order, and I do not yet know under what rule you can tell what the point of order is before I present it. Are you prepared to hear the point of order?

An hon. Member: One o'clock.

Mr. Drew: We will leave it until 2.30.

The Chairman: Perhaps we can discuss both the question of privilege and the point of order at 2.30.

Mr. Knowles: Saved by the bell!

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

The Chairman: Order. When the committee rose at one o'clock some of the heat which we expect to find soon outside the chamber had apparently made itself apparent inside the chamber. The Minister of Justice had been addressing himself to a question of privilege and the Leader of the Opposition had risen on a point of order. During the luncheon adjournment, I had the opportunity of perusing *Hansard*, and after such perusal I should like to draw the attention of hon. members to citations 191, 192 and 193 of Beauchesne, third edition. I shall only refer to them briefly. Citation 191 reads in part as follows.

> Only in very aggravated cases, requiring the immediate interposition of the house, will any business be suddenly interrupted.

In citation 192 we find the following:

> A dispute arising between two hon. members as to allegations of facts hardly fulfils the conditions of a privileged question, and, if deemed to be a matter to be at once entertained, it is more convenient to postpone other business rather than extend the area of privilege.

I am of the opinion that perhaps there is not a true question of privilege here and that the hon. member for Kamloops should be allowed to continue. May I point out that under ordinary circumstances the time of the hon. member for Kamloops would have expired at one o'clock, but, owing to the interruption while we were discussing the question of privilege and the point of order, I think he is entitled to at least an additional five minutes.

Mr. Fulton: Mr. Chairman, I thank you for the care with which you have considered these matters. I should like to suggest that if you had gone on to citation 193 you might read into the record a reference to "so-called questions of privilege" which I would think would be the category in which this one would fall.

The subject I was dealing with when the minister raised his point was that the procedure the government follows in dealing with these matters of security is such as to open the door to the possibility of unfairness and, indeed, I submit there is inherent in the whole procedure itself an element of unfairness in that a decision will be arrived at in part upon the basis of the associations of the civil servant under suspicion to which that civil servant has no opportunity to answer. It is not only because of the possibility of an adverse decision being arrived at on the basis of association but on the general principle that a man who is suspected is apt to suffer prejudice to himself as a result of the suspicions against him and should have the opportunity to know the case and to answer it. That is inherent in our whole system of justice, and while I do not overlook the point that has been made before that here men are not, in the strict sense, on trial, nevertheless I submit the same principles apply.

There can be no more fundamental right than the right to a livelihood, the right to work, and yet that right is placed in jeopardy and the person apt to lose it has no opportunity even of knowing that his right is placed in jeopardy. A decision is made, is communicated to him and he either has to leave the government service altogether or is transferred to what is called a less sensitive position. That is not the system which is followed in other jurisdictions. There the civil servant is given the fullest opportunity of knowing the nature of the case against him, is asked if he wishes to make any explanation and is afforded the opportunity to make an explanation. There are tribunals set up before which the suspected person can appear and, as I have pointed out in an earlier quotation, in the United Kingdom there has been quite a substantial number of reinstatements as the result of the suspected person being given the opportunity to explain the situation on the basis of which he has come under suspicion and to produce a satisfactory explanation for the associations which he has made or other circumstances which have given rise to the suspicion.

I will conclude at this point, although I shall have more to say at a later stage, by summarizing in this way. There can be no disagreement, I take it, that the government is under the very heavy obligation of ensuring the loyalty of the public service of Canada. However, I have given reasons why I believe that we have no cause to be satisfied at the present time that they are efficiently and vigorously discharging that obligation. We are not given any facts upon which we can base any such conclusion, and I have referred the committee to two or three examples from the past on the basis of which I suggest we have cause for uncertainty and dissatisfaction, because they are examples of past carelessness.

But, on the other hand, we have no assurance that whatever measures they do take are taken with fairness to the individual because, on the basis of the system as outlined by the ministers themselves, there exist these two particular features which carry with them, inevitably and inescapably, the element of unfairness. This element, I submit can be overcome by working out a method of appeal procedure along the lines that have been suggested previously, along lines which are suggested by the setting up of these procedures in other jurisdictions, particularly in the United Kingdom.

Before sitting down there is a correction I should like to make because I do not want to leave a wrong impression. When I was referring to the fact that Sam Carr had not had his certificate of naturalization revoked the Minister of Citizenship and Immigration asked me in the course of my remarks whether it was alleged that Carr had acquired his certificate by fraud. As I recall it, I said that the report of the royal commission indicated that. I do not want to leave the impression that the report of the royal commission states as a fact that Carr acquired his naturalization certificate by fraud. What they do is to make it abundantly clear that at the time when he was granted the certificate in 1945 he was engaged vigorously in espionage activities. It is my own conclusion following from that, and on the basis of the answer that the minister gave to the written question—that he got the certificate on the basis of an allegation of loyalty to Canada and to His Majesty—that obviously he acquired it as the result of a fraudulent declaration.

The Chairman: Shall the resolution carry?

Mr. Fulton: I wonder whether the minister has any comments to make on the matter. The minister still refuses to agree that there is justification for giving factual

information as to the number of cases thus far dealt with and the disposition of those cases?

Mr. Garson: Mr. Chairman, I differ from my hon. friend in what he has just said.

Mr. Fulton: For what reasons does the minister differ?

Mr. Garson: For reasons that have been many times explained.

Mr. Casselman: Reasons of secrecy!

Mr. Fulton: Will the minister explain how he can reconcile his position with the fact that in the United Kingdom they give totals and break down the disposition of those totals without naming names—that is not asked for here—without doing any prejudice to the individual? If that can be done there how does it follow that it cannot be done here without giving rise to prejudice against the individual?

The Chairman: Shall the resolution carry?

Mr. Fulton: Is there some difference in human nature between the people of this country and the people in other countries? Is there some factor which would dictate a difference in policy?

The Chairman: The hon. member for Macleod.

Mr. Fulton: With respect, Mr. Chairman, I have asked the minister questions which are reasonable and which I think deserve an answer. I have given the background for my questions and they are based on fact. I am not content to have the minister sit silent.

Mr. St. Laurent: I know that the hon. gentleman is just as concerned as we are, Mr. Chairman, about the proper administration of security measures in this country. He asks if there is any difference between human nature in this country and human nature in other countries. I believe that is a rather rhetorical question. Of course there is no difference in human nature in this country and human nature in other countries. It so happens, however, that this government is responsible for the administration of security measures in this country and is not responsible for the administration of security measures in other countries. I am sure that the hon. member is doing his best to serve the interests of his fellow citizens. I hope he would be generous enough to think we too are doing our best.

It may be that we are making mistakes, but we are doing our best to balance this difficult equation between the security of the classified information that has to be available in some branches of the service, and fairness to the individual. The hon. gentleman speaks about there being conviction and of there being exoneration as a result of appeals. I think that is not quite the question. No doubt the right to earn one's living is a right that it is damaging to take from anyone, but there is no inherent right in anyone to enjoy my confidence for confidential services in assisting me in discharging the responsibilities for which I am the one who is responsible to parliament and to the Canadian people.

This matter of reliance upon someone else with respect to confidential relations is not something that is determined on the basis of there being guilt or innocence. It is a matter of appreciation. The hon. gentleman is still exercising a profession that it was my privilege to exercise for a great many years. There is no obligation upon anyone in the community to employ him, any more than there was any obligation upon anyone in the community to employ me. It was only if they had confidence in an individual that they went to him for confidential advice and confidential assistance.

These matters are matters with which it is extremely delicate to deal, and about which we are just as careful as we can be; careful of the feeling that in our selection of confidential assistants we are taking every possible precaution to avoid the divulging of anything that is required to be kept secret. This does not involve only a question of loyalty, but it involves a question of there being solidity of character and discretion in the persons who are placed in that confidential relationship. There cannot be any question of exonerating someone about whom serious and honest doubts exist in the mind of the one who happens to be responsible for whatever is done by that one individual in assisting him in discharging his public responsibilities.

It is not a question of guilt or exoneration. It is a question of the degree of confidence one is prepared to place in an individual. Fortunately there are not many troublesome cases. There are some. The hon. gentleman says that up to 1950 we did disclose the numbers. There were two occasions when that was done, as the hon. member knows. There was a great and rather general anxiety about the film board in 1949 and 1950, to such an extent that the Department of National Defence was not entrusting its classified films to the film board. It was decided, therefore, that there would be a thorough screening of everyone in the film board.

When the minister made his report to parliament I believe he said some 580 files had

been carefully scrutinized, and there had been a few separations from the board required as a result of that incident. He did say then for the purpose of satisfying the public that there was not anything very serious the matter with the film board; that only three out of 580 odd had been found to be such that their separation from the board was required in order to restore full confidence in the security of information that might be imparted by work entrusted to the film board.

Then there was another question that came up a short time afterwards as to the number who had been separated for security reasons from the national research council. There was no reason whatever to refrain from giving that information. There were only two, and they had been prosecuted and convicted. Those were facts that already were public. We were very happy to be able to say there were no others. I would be very happy if I could say that since that time there have been no others anywhere in the public service, but I am not in a position to say that. There have not been very many in the civil service. There have been quite a number who had been enrolled in the armed services without having been screened, and when they were screened were found to be persons that it was felt preferable not to have in the armed forces. But in the civilian departments of government there have not been very many. There have been many cases of consideration as to whether someone who was not in a confidential relationship, not in a position where he had access to classified material should be placed in such a position. But that is something about which no statistics can be maintained.

If there is any doubt at all about the advisability of putting someone into a confidential relationship who has not had that relationship before—well, nothing happens. I have been quite concerned about this, and I have tried to get information—

Mr. Fulton: I hope you do not have the same difficulty I have had.

Mr. St. Laurent: As a matter of fact I did have some difficulty, but perhaps not for the same reason. I did have some difficulty because there has been no compilation made of those who have been either not transferred to some other position because there was some doubt about them or those who have been transferred to some other position because there was some uneasiness about the possibility of their divulging information, either through motives of disloyalty or other reasons for possible indiscretions.

There has been no tabulation kept of that. I can understand that where they have a system regarding this as some kind of trial which has to take place before some kind of special board, there may be exact mathematical computations of the number of cases that come before that board, and there is possible a mathematical determination of what proportion is dealt with in one way and what proportion is dealt with in another way. Rightly or wrongly we have not felt that that was desirable, unless there is something that appears to us to justify a conviction. We try to avoid the possibility of leaks, without there being anything concretely determined about it.

There can be all sorts of examples. There is no guilt by association; but sometimes there is information about association that does disturb us. It is unfortunate, but I think we have to assume that there are efforts made by foreign powers to obtain through their espionage or intelligence services information that we think they should not have. And we have to be on our guard against the possibility of their furthering their purposes.

Are our measures fully effective? No one could say that, except those to whom these possible agents or others would make their reports; and we cannot get information from them. But we do assume that they are making efforts to get this kind of information, and we feel that we have to be on our guard. There are personal files for all those who are in any confidential capacity, and all sorts of information becomes available and has to be considered. And whenever there is anything that appears to be derogatory in any way, because of character, because of the possible susceptibility to blackmail and because of social contacts, well, we have to appraise all that.

Fortunately it does not often make us feel that our responsibility requires action, and there has not been any case where we have been put in possession of material that would justify prosecution, though there have been some bits of information that might have been sufficient to make a case. But that would require disclosing the sources from which this information was obtained; and I think that that would be very detrimental to our counter-intelligence activities. I think that it is very necessary for all our counter-intelligence activities that they be not publicized. They have to be secret in order to be effective.

Now, we did give serious consideration to the possibility of having some kind of appeal, and we came to the conclusion that we were better able to discharge our responsibility

in that regard under the present system. We never refuse to reconsider a question; but we endeavour to exhaust everything that would be available on any kind of appeal, except, of course, saying to the individual, "I am sorry, but I feel that I can no longer rely upon you because of such and such a thing. What have you got to say?" That we have not felt would be the proper procedure, because that would make it an accusation, and we are not accusing anyone; any more than I felt I was being accused when someone who had been my client went to some other lawyer. I felt that it was his business to place his confidence wherever he considered he should do so. This matter of confidence in the reliability of others is not something that can be decided as a result of a trial. We have to be honest with others, but we have also to be honest with ourselves. And we try to keep ourselves surrounded by persons in whom individually we have implicit confidence.

With respect to unfairness about others, we are extremely cautious, even when it is possible to find some less sensitive position worth as much money. Because it may well be that if someone is taken out of a line of service for which he prepared himself, and which he intended to make his career, though he may get the same remuneration in some other job, it is still unfortunate to have to do anything like that. And we do our best to be fair. I do not think the hon. member, or any other member of parliament, has heard of any concrete case where unfairness was actually experienced, or where one felt that unfairness had been imposed upon any individual. Perhaps the hon. gentleman feels that the whole system is unfair; but the hon. gentleman must realize that it is not easy to maintain that balance. We may be wrong, but we do not think it would be better maintained by setting up any established and recognized security board to make decisions.

The hon. member has spoken about a security panel, and asked whether the Secretary of State was a member of it.

Mr. Fulton: Of the secretariat.

Mr. St. Laurent: He asked if the Secretary of State had been secretary, and he said he had not been. The hon. member asked if the Secretary of State was still a member of the board. I think it has been made clear in the former statements that have been made here that this panel is an interdepartmental committee of officials. There is no member of the government on the panel, and there is no requirement that whatever anxiety any minister or deputy minister may have about any individual shall go to the panel. It is the minister and the deputy minister who are responsible for the department.

They sometimes have recourse to the panel for the purpose of securing advice of those we have implicit confidence in because of the positions they occupy in the service, and the experience we have had with them while they were in the service. The declarations that have been made show, in a general way, how that interdepartmental committee is made up, and I do not think that the hon. gentleman feels there would be anything of value in disclosing at any particular moment the names of the officials who happened at that time to be members of the panel. They make no decisions; they simply tender advice and of course they do not deal only with the screening of individuals. They deal with the many and varied aspects of our counter-intelligence service and consider and advise on the sufficiency of the measures that are taken with respect to those matters. I think that our efforts for the protection of the secrecy of our classified material have been successful. That of course is a matter of opinion because we were quite as surprised as anyone could be at the revelations which took place in 1945.

We have been possibly more careful, but we cannot be sure that, careful as we have been, we have been 100 per cent successful. That is something about which we cannot have accurate information. If we were to attempt to state figures we would have to go through a very large number of files, because there are many occasions where the possibility of indiscretion, the possibility of there being disloyalty, is one factor about which we are perhaps a little bit uncertain, but there develops some other obvious and plausible reasons for a change, and the change is made and made with all the appearance as having been made for other than security anxieties. I am not saying that we falsely represent, even to ourselves, why the change is being made, but this other situation is such that the change would probably be made anyway, and because we have not been too happy over the situation, a change will be made.

How would that be classified? Just as an illustration—I do not think it fits any case, so I can perhaps use it—suppose there is the case of a young office boy who is used for the purpose of delivering packets, and the question arises as to whether he could be used for the delivery of packets that would contain classified material. A special screening is made. Well, suppose it develops that we find that unfortunately there had been occasions

where there had been pilfering. Well, he certainly would not get the job that would put him in a position where he could have in his possession classified material. Would that be a security case, or would it be otherwise counted?

The statement of a certain number of figures would certainly not mean anything unless we were able to elaborate and to describe the cases to which these figures applied. In the two instances that the hon. gentleman referred to the situation was quite different. There was no possible objection and no possible reason for not disclosing them. There had been two employees of the national research council who had been prosecuted under the Official Secrets Act, had been found guilty and had been dismissed.

The hon. gentleman proceeds from the same premises that we proceed from. The system should be efficient in protecting the secrecy of what should be kept secret. It should be such as not to be unfair to individuals about whom any decision has to be made. It is in the application of those principles that the hon. gentleman feels there would be advantage in more publicity. We do not think that is so. I do not think the hon. gentleman really believes that we are refraining from making disclosures because we feel it would be embarrassing to the government. I do not see how it could be embarrassing to the government unless we were compelled to disclose that we are taking the kind of risks that we are unwilling to take. It certainly would be embarrassing to have to admit that we were taking calculated risks in a matter susceptible to such consequences as the maintaining of proper security of classified material.

It must not be overlooked, you know, that we belong to the NATO organization, and that we exchange a lot of classified information with our allies. Even if we could take the responsibility of calculated risks for ourselves, we certainly could not take any responsibility for calculated risks for classified information coming from other sources, or we would very soon cease getting that classified information. That does not mean that our affairs are being run by others, but it does mean that we assure our allies that we take every possible precaution and that we do not consider that everyone who has not been convicted is entitled to be trusted with this confidential information.

Mr. Pickersgill: If the hon. member for Kamloops will permit me, I interjected something when he was speaking this morning which may have been misleading. I have not had any connection with the secretariat of the security panel, but I was, as I think is quite notorious, the chairman of the security panel for something over a year.

Mr. Fulton: We are grateful to the Secretary of State for giving us information which was refused on a former occasion.

I appreciate the attitude of the Prime Minister and the careful way in which he has dealt with this matter. I agree the whole question is one of great concern, one which we should try to handle on the basis that it is of equal concern to all of us. If in a matter of this kind there are objections and differences of opinion then the objections can best be met and the differences can best be resolved with benefit to the nation by being discussed, with moderation on either side.

I am therefore glad the Prime Minister has taken this occasion to place before us so clearly those considerations which influence the government in deciding to continue unmodified, so far at any rate, its course of policy in dealing with this matter, so that they can be discussed fully.

There are one or two statements which the Prime Minister has made which indicate that we on this side have not perhaps made clear our approach to the matter and our suggestion as to how it may be dealt with. I hope we can make our views clear and the government will then be willing to reconsider again whether there is not some merit for what we say and some justification therefore on their part for modifying the present procedure.

The Prime Minister has based his case on the principle in part that no one has an absolute right to employment, particularly in a position with security implications. He has drawn a parallel between the employment of a civil servant and the retention by a client of a solicitor. He has pointed out that no solicitor has a right to continue to be retained by a client by whom he has been retained on a previous occasion. But, with respect, I do not think the parallel is apt.

The civil servant has made a choice which involves many sacrifices. We have always agreed, in the past at any rate, that remuneration in the public service is not on the same level generally speaking with remuneration in private employment. It is true they have some recompense for that. There is what we call security of tenure, and there used to be some pension privileges which did not exist in private employment. The civil servant has therefore made his choice and embarked on a career; he is committed to a course. I know the Prime Minister did not intend that his analogy should be taken too

literally and I do not wish to emphasize the point too much, but I think there is a very wide difference between the matter of selection which is exercised each time a client chooses a solicitor, and the permanence of the choice made by a civil servant. While I agree in strict fact that he has no irrevocable right to be continued in that employment, we on this side maintain he cannot be removed from that employment without the strictest proof possible that he is no longer qualified to continue in that employment.

Now, if that be the case—and that seems to me to be a matter of simple justice, on the basis of good relations alone, if you like, between the two sides—it seems to me that you cannot lightly dispense with the services of a man—though I am not suggesting it is done—who has dedicated himself to the public service and has perhaps been there for ten years. The problem therefore seems to me to be one of approach and we would place more emphasis on the necessity of maintaining that person in the public service, not up to the point where the public interest is going to be prejudiced, but simply as to where suspicion as to his suitability has been aroused so that the process of exhausting every possibility in his defence will be thoroughly carried out; so that that man may be given an opportunity to explain his position; after which the decision and the ultimate responsibility will have to be exercised.

The Prime Minister has stated that it may be that I take objection to this system on the basis that it is inherently unfair. It is true that I do so in part, and I think it could be made less inherently unfair. But I also take objection to it on the basis of the experience of one case within my knowledge where there was unfairness, and another case where, I admit, I have nothing but suspicion to go on, but it appears to me to be very suspicious. In the first case, the man involved does not even know the case against him. It is only by reason of a lengthy discussion with him myself that we have decided that it must be on grounds of security. We could be wrong, but in my opinion the conclusion is inescapable, though he has not been told that he was under suspicion in connection with security. He was not brought in and interviewed and told that certain facts seemed to require an explanation.

He has given me an explanation which seems to me to meet the situation and with which any reasonable person would be satisfied. He was not a highly placed civil servant in charge of confidential work, and in fact I think it would be fair to describe him as a rather junior employee. No reason was given to him for his services being dispensed with and he cannot go to another employer without references. One can imagine what would happen. "Where did you last work? Why did you leave?" He would have to answer: "I do not know. They told me my services were no longer required."

That man has a choice. He has, I suppose, a right to make a public issue of the matter and bring his name before the public and let it be known that he fell under suspicion because of certain activities with a security implication. He says he thinks he can explain the matter and indeed he is convinced he can explain it satisfactorily, namely, that the association which previously existed no longer exists, and did not exist, incidentally, at the time his services were dispensed with. He can do that, or he can accept the situation because there is no procedure by which he can appeal, no procedure by which he can bring his case before the authorities and have a hearing before the authorities in person.

It is my desire, while still emphasizing the necessity of taking these measures which will protect the security of the public service, to work out a procedure within that general aim which will satisfy us as being as fair as it can be so that we can say to those who apply these security tests that they can be rigorously and vigorously employed because we have protected the individual, given him a fair hearing, and they can now go ahead and apply the policy as vigorously as they wish. I am not suggesting that any board be set up which would in itself make a decision. I am prepared to go along, at the moment at any rate, with the Prime Minister when he said on a former occasion that the ultimate decision as to whether a man is suitable must rest with the government. I am prepared to go along with the view that theirs is the responsibility; but I think there should be something in the nature of an intermediate board before which hearings could be held and to which a man would have an opportunity to state his case. That board could pass on its findings with respect to that hearing to the minister for his information at the time when he exercises his final decision.

That is the system which is followed in the United Kingdom. I hope I can make it very clear that I do not think that because it is done in the United Kingdom it has to be done here. It is not that at all. But I put this forward for consideration. The United Kingdom is, I should think, even more apt to feel the first Russian hydrogen bomb than we are. They are a lot closer and therefore they have just as much at stake in preserving the secrecy of secret information as we

have, and they seem to have been able to work out this procedure by which they feel they can protect their security interests and yet provide a method which will protect the sense of justice and fairness to the individual.

This method was evolved as long ago as 1948 when the Labour government was in power and, on the basis of the information I have been able to gather, I understand it is still being followed by the present government in the United Kingdom. I would therefore like to place on the record at some length a quotation from the British *Hansard* wherein Mr. Attlee outlined the procedure in a debate on March 25, 1948. He said, and this is to be found at columns 3421 to 3423 inclusive:

Suppose there is a case in which there is room to suspect disloyalty. The first thing to be done is to see that the civil servant concerned is informed. He should not be merely informed that he is suspected, but should be given, as far as possible, chapter and verse, saying, "You are a member of this organization, you did this or that, can you explain it?" He ought to have the case put before him perfectly clearly. Secondly he must be given the opportunity of studying that case, and then given the opportunity of putting in his reply, and also of making his reply. That then goes before the departmental head, who must consider whether it is a matter in which action must be taken. He must then go to the minister, and, whatever we think of ministers, they have a pretty fair knowledge of psychology, as they have been in this house for some time. They will have a broad view; we have to take a broad view of these things. They will look at the whole of the evidence and consider whether or not there is a prima facie case for transferring this man on these grounds or, it may be, even for dismissing him.

Then we want something beyond the minister to assist him. We are, therefore, proposing a further safeguard. We are setting up an advisory body of three retired civil servants. I hope to give the names some time, and I am quite sure they will be names which will inspire confidence in the civil service. If the minister considers there is a prima facie case, he will send the whole of the evidence before this body. Before this body the person concerned will be able to appear and make his case. He will also be able to ask other people to speak for him. The whole of this will be sifted very carefully, wherever the information comes from, by this advisory body; and the advisory body will then send their advice to the minister. The minister will then have to decide on the whole of the case as to whether he takes their advice, or rejects their advice, or what action he proposes to take. That, I think, gives the opportunity people ought to have of stating their case.

Then the prime minister of Britain went on to say this, and this is a point that has been raised here, and I think he dealt with it fairly effectively:

It is quite impossible—and everyone will realize that it is—that we should give in detail exactly the sources of information. If we do that, we destroy anything like an effective security service. But it is our intention to do this with the greatest possible tenderness for the individual, consistent with the security of the community and, as I have said, the security of the fellow members of the civil service.

Then a little bit later in that same debate he was asked a question by Mr. Brown as follows:

Mr. W. J. Brown: I wish to thank the prime minister for his statement, but I would like to ask whether it would be within the competence of the proposed advisory body of retired civil servants to send, not only for the papers that would be supplied, but also for the man himself?

The Prime Minister: I think that is quite clear. He would certainly appear.

Hence under that system—and I am not just saying it is a good system because it happens to be in effect there; I am saying that I think it is a good system because it does seem to protect the individual against possible injustice—the individual has the opportunity of knowing the nature of the case against him.

It may be that there was an unwise association in the past which has come to light. It may be that it is a perfectly innocent association. There may be a perfectly simple explanation for that association and one which—if the explanation were ever asked for or an opportunity afforded for it to be given —would satisfy the authorities that there is no security risk here, that all that needs to be done is to draw to the attention of the person that this is an undesirable association and the matter will rest there. But in the case I have in mind there was no such opportunity to explain. One could also imagine other cases where there is a simple and satisfactory explanation which could be made were the basis of the suspicion known to the suspected person. I am convinced that under the present procedure followed here—indeed it has been stated that it is not the general practice to inform the civil servant that he is under suspicion or the reasons for the suspicion—in general there can be no opportunity of meeting the case afforded to the man who is suspected, however innocent he may be. I do not like to think that sort of principle and procedure is followed here in Canada. That is my point.

With respect to the type of appeal, or intermediate hearing and procedure—to which I have referred, and which is afforded in the United Kingdom, I believe that the nature of the case could be stated to the individual concerned without the revelation of any particular piece of information which would enable a genuinely disloyal person to trace and to break down the security system. I do not think facts and dates need necessarily be given with particularity nor need the source of the information be given. Indeed, in the United Kingdom Mr. Attlee made it clear that there must be limitations upon the right of the suspected person to know all the information. He referred to a number of

cases which were brought to his attention by the association over there which looks after civil service matters. He told them: I said at the outset that I did not mean that every piece of information, including the sources, in our possession, would be made available but rather an outline of the case with as much particularity as possible; and he repeated that what would be done was to inform the suspect of the nature of the case against him with as much particularity as possible having regard to the necessity to protect their own security system.

Mr. Knowles: Is that system still in effect under the present British government?

Mr. Fulton: My information is that the same system is at present in effect. Indeed it was Mr. Butler who gave the latest figures as to the number of cases dealt with under that system and the results. I can see the reason for the doubts and for the care which would have to be exercised but I can see no insuperable obstacle to the implementation of a similar system here in Canada so that we can demand with confidence—and it is our duty to demand; it is the government's duty to discharge the responsibility—the most vigorous and effective enforcement of a policy of security, secure ourselves in the knowledge, as would be the government, that as far as it is humanly possible to ensure it, no individual is going to be unjustly prejudiced as a result of the application of that policy.

Mr. Hansell: Mr. Chairman, without breaking the continuity of discussion that has taken place today, I should like to say just a word on this matter. I do so somewhat reluctantly after listening to the Prime Minister. I want to assure him that I believe when he was speaking every hon. member in this committee was conscious of the fact that he was doing so with conviction, with sincerity and with honesty of purpose in the discharge of the heavy responsibilities that rest upon him in these particular days. That is the way I felt, and I am sure every other hon. member of the committee will agree with me.

There is, however, a phase that I should like to take up this afternoon. There is no question about it that we are living in extremely tense times. We are living in days the like of which human history has never before witnessed. To my mind there are two realms in which the enemy of mankind is at work. One is in the realm of physics which in these days is expressing itself in the scientific realm, where there is a danger which is so great that it threatens the survival of the human race. That is one realm in which the enemy is at work.

There is another realm, the realm of the human mind and the human personality. In that respect I refer to what some of us hold as a very deep conviction, the basic freedom of individual man. The enemy is at work in both these fields, and living in such times as we do, witnessing the things that are happening in the world and at the highest possible level of world affairs, there is no question that anyone who is interested at all must be interested to the point of being alarmed. We read of investigations being carried on in other countries, particularly the United States. We cannot help but be influenced by the result of some of these investigations, and it would be inconceivable and the height of stupidity for anyone to conclude that the same espionage forces that have been at work there have forgotten all about Canada. They just have not. Yet when we ask about the matter, and I do not want to be too harsh, we are politely told that it is well in hand and that we must therefore trust the government.

I go a long way in trusting the government with such responsibility but I must confess that I do not know very much about the situation and I do not think I am different from any other hon. member. I must confess I should like to know something about it. I am not interested in some individual case here and there but I am certainly interested in the methods that are being pursued. I do not know if it was news to other hon. members but it was news to me that the Secretary of State was the chairman of that security panel. I doubt whether anyone knew that. We are told that to reveal any steps that are being taken might possibly incriminate some innocent person. I have the greatest sympathy for those who are attempting to manage the affairs of the country and who do not wish to cast any reflection upon the character or integrity of any person. I think everybody in the house sympathizes with that position, but just the same I do believe that in many cases it can be used as a sort of red herring drawn across the trail, a red herring which is sometimes labelled "guilt by association".

I realize there is a principle involved there and that the greatest of care must be taken. I call it a red herring because I believe that is exactly what it is. I do not know of anyone who has actually been declared to be guilty of anything just because he may have been friendly with a person who was vitally involved. Nevertheless there is a principle, and I think the principle is largely one of personal responsibility. I can think of it in a rather light vein. I am a clergyman by

ordinary profession. I have to watch my step. If I went downtown and were seen entering a pub I might be able to come out and tell one of my elders whom I met on the street that I went in to see a man.

An hon. Member: You might not be able to come out.

Mr. Hansell: I might be able to argue that I was in there trying to convert men from the errors of their ways. However, if I were seen going in there regularly I might not be guilty of anything but I could not very well blame my board of elders if they asked for my resignation. After all, much of it boils down to personal responsibility, and sometimes steps have to be taken. Just the other day I was reading about the decision made by the board of men directed, I believe, by the President of the United States, to investigate the case of Dr. Oppenheimer. We all know the result. Dr. Oppenheimer, one of the greatest scientists of the day, from now on is denied secret information. Yet the board came out with the clear-cut statement that they believed that Dr. Oppenheimer was a loyal citizen of the United States. I believe he is.

Not long ago I talked to a gentleman whose name I cannot tell you because he spoke to me in confidence, a man who had rubbed elbows with some of these great scientists. He said that clearly they live in a different world from us. He said that he can quite understand how in their associations they may come in contact with people who may be part of an espionage ring and yet they will not recognize it at all. Be that as it may, sometimes steps have to be taken because after all in these days we are not dealing merely with a man's position or job but with the possibility of the survival of the human race. We are dealing with the greatest of all fundamental freedoms, the freedom of individual man.

The system of espionage that is being used by the Russians, the enemies of our way of life, is so inconceivable and so fantastic that it pushes the wildest spy fiction of my teenage days completely into the background. That is why I say it is not merely a matter of somebody running off with some secrets or pilfering a diplomatic bag, it is a question of a system that has been devised to so permeate our way of life as to be able to engineer men of the highest possible intellectual calibre into positions at the highest level where those men have actually influenced government policy. There is no question about that.

I only have to refer to the person of Harry Dexter White, who became assistant treasurer of the United States. He had a tremendous power that affected the economic destinies of the nation. There is no question in my mind but that the debauching of the currency of China was part of a scheme. While I cannot put my finger on any particular spot, there is no question in my mind but that the same evil powers had designs on wrecking the United Kingdom economy. I must say it is only because of the integrity and stamina of the English-speaking people, and their leadership through the times, that they have been able to come through and apparently come out on top.

It is this matter of the influencing of government policy at the highest level that is significant to my way of thinking. I have a newspaper clipping here. I am sorry I cannot give the date of it, but it cannot be very long ago because I never keep these clippings too long. I believe I clipped it from a paper giving a summary of the news, and the heading is, "U.S. Reds Strong, F.B.I. Chief says." It goes on to say:

> The United States communist party has "strong fifth column strength", federal bureau of investigation director J. Edgar Hoover has told the House of Representatives appropriations committee.
>
> Hoover's comments to the committee—which was considering F.B.I. estimates for the coming fiscal year—were made recently in private. They were released February 6.
>
> Hoover listed the following as objectives of the American communist party:
>
> Settlement of the Korean war; recall of American troops from abroad; a five-power peace pact including communist China; resumption of U.S. trade with iron curtain nations.

Let us make note of the last point. It is the matter of influencing of government policy, which policy is tied in with the destiny of the nation, that gives some of us extreme concern.

In another debate yesterday I referred to a recent report that has been made by the commission set up by the Australian government to look into the Petrov case. I have here a news dispatch, which I suppose all hon. members have read dated May 18, I believe, giving an analysis of that somewhat preliminary report. I am not going to read a great deal of it, but I should like to read a part of it. It says:

> Petrov and his agents painstakingly collected details about the personal lives of various persons and sent them to Moscow. The dockets included their relations with women, their drinking habits, whether they were short of money, whether they could be inveigled into talking, and their political leanings.
>
> Other scandalous material became known about Australians' private lives, this was held for its blackmail value—to put the heat on those who might become involved directly or indirectly with the soviet intelligence system.

The MVD sought its recruits usually among junior civil service employees, government clerks and sometimes newspaper reporters who might have off-the-record information.

Persons whom the Russians considered "soft" were:

1. Australians already converted to the socialistic theories of Karl Marx.
2. People whose vanity could be appealed to.
3. People who had "a desire to do what they thought to be important".

Once they agreed to do some task for Russia, they found themselves increasingly obligated—and the blackmail material became increasingly effective.

I could read on, but the report is there for anyone to read. It is not, therefore, merely a matter of the stealing of secrets involved in nuclear energy or something of that kind. It is more than that. They work upon human nature. There is not a person living whose personality or whose human nature has no chinks through which he could be reached in some or any of these ways which are so cleverly and subtly designed. It is for that reason we have to be so very careful.

I am not going to repeat the request of the hon. member for Kamloops. I shall have another suggestion to make about that, but I believe the Prime Minister should tell us something about the activities of the R.C.M.P., the organization charged with dealing with communism in Canada. I have a report here of April 29, 1954. I suppose the minister has read it. In an interview a former member of the Royal Canadian Mounted Police stated that there are between 8,000 and 9,000 card-bearing communists in Canada at present, and when sympathizers and fellow travellers are counted the total might exceed 50,000. The point I wanted to make was that he said there were schools inaugurated and being carried on throughout Canada, and that the leaders in some of these schools are trained in Moscow. The article reads as follows:

The national school was held annually at a location about 100 miles from Toronto, he said. Provincial schools were held several times a year to indoctrinate new members. The party also operated a summer school each year at Sylvan lake in Alberta.

In addition there were local study groups and schools for adults and children in Montreal, Ottawa, Windsor, Toronto and Winnipeg, as well as other centres. Toronto was headquarters for the largest organized groups but Winnipeg for years had been the centre for a "virile" communist organization.

These are local study groups and schools for adults and children. I believe we should have some sort of report about that from the minister, since his estimates are before us.

I do not want to keep the house any longer, Mr. Chairman, but the Prime Minister must not feel too badly if there is an indication from many members of their extreme concern about this, shall I say, philosophical espionage system in Canada that attempts to capture the minds of men towards their philosophy, and lead Canada astray in respect to its highest level policy making.

That is what I am personally concerned about. Because once it is done you cannot retreat from your position. I do not know how long our present government is going to be in office, but one thing is certain: They are on their way out, because that is the only way they can go.

Mr. Harris: And that is the only reason you can give.

Mr. Hansell: And some other responsible leaders are going to take their place. When I go through the country I say to the people, "I am not going to be too harsh on the Liberal government, but it has to be changed some time. You do not suppose there is going to be a Liberal government here a hundred years from now, do you"?

Mr. Harris: Could be.

Mr. Hansell: There just is not going to be; we might as well recognize that.

Mr. Pearson: New faces, perhaps.

Mr. Hansell: I am saying that one government builds upon another. The work of one government cannot always be retrieved. It is not just a matter of coming here for a session of parliament, getting up and talking, drawing our pay and going home. We represent the people, and our responsibility is toward the destiny of this nation. Is the nation going to follow the line of least resistance, or are we going to emerge a virile nation, a God-fearing nation of men and women with honesty and integrity of purpose, a nation as free as God intended men should be, when He created them in the likeness of His own image?

Mr. Winch: Mr. Chairman, under this vote I, too, desire to discuss a phase of security, a phase slightly different from that which has been under discussion for several hours. I do not know just how far the Minister of Justice can go in answering what I have in mind, but I sincerely hope he will go as far as possible in removing some of the confusion which exists in the minds of many people in Canada, and which I can say definitely exists at the moment in my own mind.

I shall introduce what I have to say in this way: A few years ago I had read of a nationally-known communist in eastern Canada. Being nationally-known he held a pretty high position in the communist organization. I gather that to get to a high position in a communist organization one has to

be dogmatic, a strict follower of the party line, something of a rabble-rouser, and definitely a revolutionary in their sense of the term. This man resigned in 1953 from the communist party and received a great deal of publicity throughout the length and breadth of this country in the press. I have been interested in having brought to my attention by a number of people remarks he made this year in the province of Quebec at a public meeting. I am referring to a man named Pat Walsh. The Quebec daily newspaper, *L'Action Catholique,* in its issue of Tuesday, January 26, quoted Mr. Walsh as follows:

> I believe the time has come for me to reveal that when I took part in communist manifestations or when I was connected with communist organizations I was secretly working for the Department of Justice in Ottawa. At the time of my public resignation in February 1953 I had agreed with the authorities of the Department of Justice not to reveal this fact in order not to compromise the secret work of other agents inside the communist organizations. But today circumstances have changed and I have decided to reveal the fact that in reality I have always been a secret agent working for the central power.

I have taken this matter up with the Department of Justice. It is my understanding that it is the policy of the department when statements of this kind are made that neither the department nor the Royal Canadian Mounted Police will declare whether or not they are true. If that is so, perhaps there is a good explanation for it which, I am sure, the minister will give. If it is so, then I think first of all there is danger in allowing men with the past record and reputation of this man to make statements of that kind. I believe there is a danger there.

But my second point is perhaps more important, that if the information is correct, has consideration been given to whether or not a wrong policy is being followed in this matter of security, as it is related to a knowledge of communist activities? I can clearly and completely understand why, for purposes of security, the Department of Justice would like to have men placed in what they consider to be subversive organizations, to find out what is going on. Undoubtedly they have such men; the case of Sergeant Leopold proves that conclusively.

However, to reach the position of national importance in the communist organization in this country one would have to prove himself a good communist. He would have to persuade people in the Dominion of Canada to change their loyalty from this country to another, to accept a party and policy line from outside this country. In other words, to reach a position of that kind, you would have to be a successful evangelist of communism, and convert the democratic people of Canada to communism. If it is correct that he was an agent of the federal department, then the government itself was employing a man to do the very thing we want to overthrow.

To me the whole situation is intriguing and at the same time confusing. It is a point upon which we should be given some clarification, and within the realm of security the minister should go as far as possible to inform us in the matter. Here we have a statement made by a man known formally as an avowed communist that he was at all times an agent of the Department of Justice. No denial is forthcoming, and we are told it cannot be forthcoming. Yet in the same month, in an issue of the *Globe and Mail* of January 13, we read about a man named Captain J. H. De Graff, allegedly a former Russian and British espionage agent.

In this report the R.C.M.P. are quoted as saying—and this is in quotation marks—that Captain De Graff is the genuine article; that he is a big operator, and that he served for three years in Montreal with the R.C.M.P. who knew him simply as Captain Johnny X. Here is a statement from the R.C.M.P. that another man was for three years working with the department as a secret service operator. Now that can be correct or incorrect, or perhaps the R.C.M.P. never made any such statement, although it is in quotation marks in the newspaper column. But it has never been denied, as far as I know, nor have the R.C.M.P. stated that they never made any such statement.

In one case there is no denial that they ever said this man was a secret service agent. Therefore he can get away with the statement the same as a former communist can get away with it when he makes a public speech in the province of Quebec. I think, sir, you cannot put both of them together and make them coincide. There must be some basis of policy as far as the Department of Justice is concerned in cases like this; and in view of the fact we have in one month two different men making this claim, it is of some importance and should be considered.

If possible I should like to hear from the minister just what is the policy as far as statements by his department or by the R.C.M.P. are concerned, on statements of this nature, and also what is the policy as regards the production of information or the production of files? Is there any, or has there been a definite policy, or is it strictly a matter of expediency under the circumstances of the case? Perhaps it might even go to political purposes. I am not saying anything about the actions of my hon. friend but I do know that in the past it was most difficult to understand the policy operations of the R.C.M.P.

I can very well remember, Mr. Chairman, when Canada was at war with Japan, the Japanese Canadians were moved off the Pacific coast. There were certain activities, commissions and advisory boards in British Columbia on this matter of the Japanese. A great many felt that there was one man in British Columbia who, instead of being left fairly loose just outside Lillooet, I think it was at Minto, should have been interned because the feeling there amongst the Japanese was that he had his loyalty in Japan, that he was a member of a national organization in Japan, that he was the British Columbia representative. The feeling and the pressure got to the point where the federal government made an investigation.

A learned judge was appointed to make the inquiry. I appeared, sir, before that inquiry on the stand and under oath. Why was I called? Because I had in my possession two copies of a newspaper that was printed in Japan in which this man's photograph appeared, and there was a write-up on him. These two papers were what we would term fascist organs; they were the official organs of a fascist national organization in Japan. I had these two magazines translated, and so I was called about the actual newspapers and the translation. At that inquiry it was asked whether the R.C.M.P. would produce their file on this man. Their file was of interest, and an inquiry was sent to the Department of Justice. The answer came back that the R.C.M.P. did not have the authority and could not get the authority for the production of this file. So, there was a file asked for from the R.C.M.P. on a matter that was being investigated, and it was denied. Nobody asked to produce any file on me but the counsel of the commission produced the secret service reports on me without being asked. That was the first time I knew I was being dogged and my utterances were being taken down by an agent of the R.C.M.P., and it was produced in that inquiry. Not that I am ashamed of anything I say at any time, and they can dog me all they like and they can take down every word I say and it will not bother me one bit. I do not take off my hat in this House of Commons to any man or woman or to any man or woman in Canada in my love of and loyalty to this Dominion of Canada.

What I am speaking about is this matter of production of files and giving of information. I think, sir, on this phase I have said enough. The minister understands the confusion and disturbance about it. If there can oe a clear and explicit explanation of matters of this nature, as well as of matters that were raised by previous speakers, it will mean a great deal, it will be of great benefit to all the people in the Dominion of Canada, because knowledge is a lot better than lack of knowledge or guessing or rumour.

Mr. Garson: Mr. Chairman, we are interested readers here of my hon. friend's very excellent column in the Vancouver *Province*.

Mr. Winch: I guessed that.

Mr. Garson: And as he was good enough in his column in the issue of Saturday, March 20, 1954, to give us quite an effective notice of motion of the matter that he was going to bring up today I was able, by reason of that fact, to ask the Royal Canadian Mounted Police for a report upon all the major relevant allegations that were contained in this newspaper column. But before I deal point by point with these allegations, let me say a word with regard to the general policy which is followed by the special branch of the Royal Canadian Mounted Police engaged in counter-espionage work.

I am sure that I do not need to explain in any great detail to the members of such a well-informed body as the House of Commons that counter-espionage is scarcely the exact equivalent of conducting a Sunday school class, and that the R.C.M.P. special branch necessarily employs from time to time those whom it thinks will serve its particular purposes. I am sure, moreover, that the members upon the least reflection will agree with us that it would be a grave error indeed to discuss here any of our activities in the special branch, and especially to admit or deny any allegations of sometimes irresponsible people claiming to have been in our employ.

We are all aware that the practice of espionage and counter-espionage, the contest between enemy nations to secure and to prevent the securing of intelligence involves the building up, as completely as possible, of a large mass of information; and oftentimes the answer in the affirmative or negative to some simple statement of fact may be the last item needed to complete the general pattern of, if I may use that figure of speech, the jig-saw puzzle which the intelligence department is trying to put together; and this last simple answer may finally determine what that whole pattern is.

In counter-espionage work there is therefore only one safe policy to follow, and that is the policy of complete reticence about our own counter-espionage and complete reticence in respect of the espionage against which we are trying to protect Canada. It is for that reason that we have consistently refused to say anything with regard to the allegations of gentlemen like Mr. Pat Walsh. I

must confess that when I read my hon. friend's column, the one in question to which I have just referred, I was a little taken aback by his allegation that we had departed from that policy in the Captain De Graff case, though I was very gratified when he said at the conclusion of his remarks concerning the Pat Walsh matter, and I quote from him, "that if this case stood alone the position of the Minister of Justice is quite understandable." I gather from his whole column that the part that was not so understandable to him was that we should take the position we did in connection with the Pat Walsh matter, and then in the Captain De Graff case we should make revelations or comments.

Now, the report which I get from the R.C.M.P. on the Captain De Graff case and which I submit to members of this house as being accurate is to the following effect, as are all the reports which I receive from the force.

My hon. friend from Vancouver East referred to newspaper reports in which the R.C.M.P. is alleged to have described Captain De Graff as "the genuine article" and further "he was for three years in regular duty in Montreal with the R.C.M.P." Hence my hon. friend charges the Department of Justice with giving information about a secret agent in this case while refusing it in the Walsh case.

Now, Mr. Chairman, to show that there has been no inconsistency in principle I think it is necessary to begin with to recapitulate the substance of information which I have already conveyed verbally to my hon. friend from Vancouver East, to the effect that Captain De Graff as long ago as 1951 began making public appearances under cover of the name of "Captain X", and received a certain amount of newspaper publicity for these appearances in which he described his work in the Russian and British intelligence services. We conceded that Captain De Graff was undoubtedly a man of considerable knowledge in this field. During this period beginning 1951 the R.C.M.P. was asked on many occasions to give some indication of the authenticity of his background, that is the authenticity of the background he had been claiming for himself. This the police consistently declined to do until Captain De Graff last January, as reported in the Ottawa *Journal*, January 12, voluntarily disclosed his true identity.

At that time the press again sought some indication from the police about Captain De Graff's reliability. I think it is important that I should emphasize that. What the press sought was some indication from the police as to Captain De Graff's reliability as an expert in the field of secret intelligence work. Undoubtedly the press wished to reassure themselves that he was not an impostor. At that time the press was told in general terms that Captain De Graff did have a background of successful work in secret intelligence, but this comment referred only to his activities before his arrival in Canada, activities in which, as I indicated a moment ago, he had been claiming association with the Russian and British intelligence services.

So far as the commissioner has been able to discover, no spokesman at R.C.M.P. headquarters used the phrase which I think my hon. friend has used, namely, "the genuine article".

Mr. Winch: I was referring to the comment in the newspaper column.

Mr. Garson: I quite agree: What I am saying is that we did not use the phrase my hon. friend quoted from the newspaper column. In other words, the R.C.M.P. was not the source of the items in the newspaper columns to the effect that Captain De Graff was "the genuine article".

As to Captain De Graff's possible relations with the R.C.M.P., the public interest requires us to continue to maintain a policy that such matters are never publicly disclosed even if a person claims, as did Captain De Graff, and as Pat Walsh made claim, to have been a secret agent of the R.C.M.P., even when such a claim may have a surface appearance of truth.

I think it will be readily appreciated by all of us that any official confirmation by the police acknowledging such a relationship would have a direct and adverse effect upon Canadian interests. Moreover, inasmuch as the Prime Minister has stated today that we work in security matters with the security agents of our partner nations in NATO, for us to make statements of this sort would destroy that confidence in our reliability which these other nations must continue to have if there is going to be that degree of co-operation between our efforts that there should be.

For that reason, Mr. Chairman, I submit that our policy in these two cases has been quite consistent in that we have neither confirmed nor denied the statements attributed to Pat Walsh and to Captain De Graff that they were secret agents of the R.C.M.P.

Now, with regard to another matter—and I hope my hon. friend from Vancouver East will forgive me if I mispronounce a Japanese name—in the Morii case my hon. friend will recall his reference to the proceedings of the royal commission which was set up in

October 1942 under Mr. Justice J. C. A. Cameron of the exchequer court to inquire into a report of an allegation published in the Vancouver *News-Herald* to the effect that a black dragon society was active among the Japanese in British Columbia; and that one Etsuji Morii was connected with that society, and that the R.C.M.P. had been "complacent" in dealing with this gentleman. These newspaper articles particularly claimed that the force had been at fault in accepting this gentleman's services in arranging for evacuation of persons of Japanese descent from the west coast.

I think I should here insert parenthetically that the royal commission's report disposed of all these allegations as being unfounded, and described in detail the useful work of this gentleman for the Japanese community, for the Canadian government and for the R.C.M.P. with respect to this evacuation.

My hon. friend's article stated that the R.C.M.P. file on Morii was asked for by counsel of the Vancouver *News-Herald* and production of it was denied. My hon. friend from Vancouver East is quite correct in this statement. By telegram dated November 13, 1942, to the counsel for the R.C.M.P., former commissioner Wood wired as follows:

> It is not considered in public interest nor has it been policy in past to produce confidential files as in case of Morii where frequent references are made to information received from secret service of other countries and thus lead to disclosure of identity of confidential informants (stop) Such action would be violation of undertaking given secret service of other countries.

That is in line with what I have stated to be our consistent policy and the policy which we have followed in the cases of Pat Walsh and Captain De Graff.

But my hon. friend's article goes on to allege a serious inconsistency in that, in spite of the rule with regard to the production of these files, a police file on my hon. friend himself was introduced as he says before the commission. My hon. friend's paragraph to this effect in his article is in these words:

> Without any warning and without any request being made to counsel the federal government produced the R.C.M.P. file on myself. As a matter of fact, from this file they read into the record R.C.M.P. verbatim reports from the speeches I had made.

I regarded this as a rather serious affair—the allegation that we would not produce a file in one case and that we would produce a file on my hon. friend and read from such files speeches of his into the record of the royal commission. I therefore instructed that a careful search should be made of the proceedings of the royal commission. A search was made of all of the proceedings conducted under Mr. Justice Cameron and also a search of his report to the then minister of justice. I must say, Mr. Chairman—and I say it with some embarrassment; I do not like to contradict my hon. friend from Vancouver East—that the fact is that there is no record whatever in either the proceedings or the commissioner's report that such a file was ever produced at that inquiry and much less that it was read into the record.

Mr. Winch: I can still remember the questioning.

Mr. Garson: My hon. friend is perhaps confusing the production of that report which did not take place and which was not read into the record with another episode. He may have recalled that a Sergeant J. K. Barnes, at that time head of the R.C.M.P. intelligence section at Vancouver, had stated in his testimony that my hon. friend as a member of an advisory board established by the government to give assistance to the security commission of the British Columbia government with regard to the evacuation of Japanese was permitted to address a group of Japanese who had complained about the treatment they were receiving from the R.C.M.P. My hon. friend was accompanied on that occasion by another member of the force, Constable Turner, who heard my hon. friend say, and so reported to Sergeant Barnes certain statements, which statements may have been the ones to which I think my hon. friend refers. But there was no report as my hon. friend alleges.

I hope that all of this will convince my hon. friend that there is some fairly substantial measure of consistency in the policy that we follow in this regard. I have always understood him to agree with us—and I hope he will correct me if I misunderstand him—that in the operation of a special branch or of any secret service activity there is only one policy that can be followed and that is complete reticence and complete non-production of files.

While I am on my feet I might perhaps refer to a matter which was raised by the hon. member for Macleod in quoting former superintendent Leopold with regard to the number of communists—that is the actual card-carrying members of the party—in Canada at the present time and also as to the number of fellow travellers or supporters of the communist party line. The figures my friend the hon. member for Macleod gave were between 8,000 and 9,000 for card-carrying members and 50,000 for the fellow travellers.

I might now point up that information by laying before the members of the committee

the fact that at the time former superintendent Leopold retired in July, 1952, he indicated at a press interview which had been arranged for him by the R.C.M.P. that he intended to continue his activities against the communists but in his new capacity as a private citizen. As would obviously be the case, the reports of this interview received considerable publicity. I should like to refer to the account of it which was given by the Canadian Press for July 30, 1952, in which Mr. Leopold indicated the intention to which I have just referred. In that interview Mr. Leopold gave with approval his estimate of the strength of the communist party in Canada as being from 8,000 to 9,000 card-carrying members. Mr. Leopold's statement reflected, of course, his own personal opinion which, it should be allowed, was based upon a considerable amount of official knowledge and experience. However, it did not necessarily coincide exactly with the official estimates; for at that time, the Royal Canadian Mounted Police special branch was engaged in one of its periodical assessments of party strength and official figures were in process of revision.

I would point out, Mr. Chairman, that the figure given by superintendent Leopold on that occasion is much the same as that which I understood my friend the hon. member for Macleod to state as being the number of card-carrying members in Mr. Leopold's opinion just the other day. With regard to the number of fellow travellers, the figure that the hon. member for Macleod mentioned was 50,000. That figure cannot be too far wrong because the number of votes cast for Labour-Progressive candidates in the last general election was 63,000.

Mr. Drew: Mr. Chairman, I propose to raise a new subject. On this item we have been dealing with different matters and then perhaps returning to them. Before I proceed to deal with that subject, however, I simply want to make a few observations with regard to the subject which was discussed earlier by the hon. member for Kamloops and, following him, by the Prime Minister. In the discussion with regard to what is described as security within the civil service, I think there will be general agreement that it presents an extremely difficult problem. I think every one of us will recognize that there must be a great many cases in which the very nature of the employment is such that it is difficult to apply ordinary standards. Nevertheless, the thing which is causing great concern to some of us, as has been mentioned before, is the fact that, in answer to the demand that has been made on a number of occasions that the actual activity of working in support of the recognized communist party that is under the direction of Moscow should in some way be defined, we have been told that a satisfactory definition cannot be given and that this might invade the realm of freedom of thought and freedom of speech. That being the case, it is extremely difficult for us to understand how something that cannot be defined in one case can be defined in the other.

Those cases which certainly arouse the greatest concern in my mind are the cases where a person is discharged or dismissed because of the allegation that he either is a communist or is sympathetic to communism. In the case mentioned by the Prime Minister, where it was decided not to permit the national film board to make certain films for the Department of National Defence, on security grounds, we know that it was quite clearly stated that the question of communism and communist sympathy was behind that concern. The difficulty here is that something that cannot be stated as a law in one case to create a penalty, according to the government, is used as a basis for denying the right to work in another case. Also we find that contrary to the procedure at Westminster there is no stated case placed before the civil servant concerned nor even a digest of the case in a great many instances. They are simply confronted with the fact that the finding has been made.

What it really amounts to is that we do not know what the law is and we do not know who the judges are. We neither know what definition applies nor do we know who apply that definition. Surely at a time that the rule of law is in itself one of the great issues dividing people between the free and the enslaved, we should seek on every possible occasion to err, if anything, on the side of the rule of law. I simply close my observations in this respect by asking once again that the government consider the possibility of at least an understandable definition of what the offence of communist activity or communist sympathy is which will deny a civil servant the right of employment, and I also support the arguments so ably presented by the hon. member for Kamloops that we should know who in fact are exercising this very great power in relation to many people who are carrying on duties which carry with them responsibilities and also a certain assurance of continuity of employment which is a little different from the ordinary type of employment that we would normally discuss.

Having made these observations on this subject, I wish to proceed to a subject which I raised before. It is one that I think is of very great importance at a time when freedom of the press and freedom of speech

generally are so much in our minds. I am not dealing with this subject by way of proposal for amendment of the Criminal Code or otherwise. I wish to deal with the law as it applies to contempt of court proceedings and make certain suggestions which I hope the minister will take under consideration and then decide what can be done to deal with this aspect of a problem that has been presented to us by certain recent occurrences.

The proceedings in relation to what is described as contempt of court are in many respects today amongst the most unsatisfactory and unusual in Canadian jurisprudence. It is in fact a carry-over of ancient law. The power of judges to commit for contempt is an old common law practice. As far as Canada is concerned, we have simply inherited the statute law on this subject which goes back over a period of almost one thousand years of legal history. The British common law is part of the law of Canada except to the extent that it has been modified either by statutes of the parliament of Canada, provincial statutes, or both.

The fact is that there are at least seven sections set out in the index of the Criminal Code that deal with contempt of court, sections 165, 180, 607, 608, 678, 841 and 975. I am referring now of course to the numbers of sections in the code that has been the law for some time. Section 165 is the general section providing a penalty in the case of disobedience of orders of the court. That brings us to the fact that there are two distinct types of contempt of court. There is contempt of court which is in fact disobedience of some court order such as refusal to comply with a definite order of the court, the refusal of a witness to answer questions, or some similar disobedience of the orders of the court made under these various powers.

The second branch of this question relates to contempt outside of the court which is deemed to have some bearing on court proceedings. It is in this field that the great difficulty arises, and particularly with regard to contempt of court proceedings taken against publishers of newspapers, magazines or books and the writers of the material in those publications. Without in any way questioning the necessity for appropriate measures to enforce compliance with orders of the court, and above all for adequate protection of those who are appearing before the courts in criminal proceedings, I submit that the necessity for a clear definition of contempt of court has been given a new and somewhat dramatic emphasis by what has happened within the past few weeks.

I had occasion to refer not long ago to the warning issued by Sir Albert Walsh, chief justice of Newfoundland, on May 18. That was a blanket warning to all residents of Newfoundland that any comments about a case then before the court against a man named Valdmanis might be regarded as contempt of court. I can find no precedent for a shotgun blast of that kind. The point with which I am greatly concerned is that a general warning of this kind that any reference to the proceedings then before the court might be interpreted as contempt of court may in fact throw a blanket of secrecy around the proceedings, which is wholly inconsistent with our concept of open, public and free trial.

Secret trials and star chamber procedure have for a very long time been regarded as inexcusable within this and other nations of the commonwealth, and we should be very careful that, no matter how good the intentions are, we should be on our guard to prevent anything creeping into our jurisprudence which would deny the completely free discussion, within proper bounds, of matters which are of concern to the people. An open trial means not only the presence of other people in court. It means not only the right of newspapers to inform others about what is happening in court. It means also the proper and legitimate discussion of the trial so that the public generally may know what is going on and what is happening under our legal system. It must be remembered that one of the things asserted over and over again is the statement that criminal punishment is perhaps intended not so much to visit a penalty upon the individual as to offer an example to others which will be a deterrent against a repetition of a similar crime.

There is a great deal of discussion at the moment about the very unpleasant details of hanging. Not one of us likes to contemplate that part of our legal procedure. However, we have been told for a very long time that it is not the thought of inflicting the death penalty upon a person guilty of murder that is so important in these proceedings as the warning it may offer to others of the penalty that follows murder or conduct of that kind. There must also certainly be an advantage to society in knowing the nature of things that will bring penalties; that is a natural consequence of one aspect of publicity in the press and over the radio. There is also the fact that the accused has an opportunity to have his case presented as well. If there were general objection to what took place then, while it might perhaps not be possible to have that public sentiment produce any satisfactory results immediately in relation to that individual, it is possible that this

expression of public sentiment will subsequently be interpreted in new laws which will follow the general development of advancement and improvement in our society.

Someone may ask why we should be so concerned about that here. This is the place, Mr. Chairman, where these things should be considered because the judges are simply called upon to interpret the laws that are passed here, in the provincial legislatures or, in their own local sphere of responsibility, by municipal councils. It is our responsibility particularly to correct anything that, by public evidence, is found to be unsatisfactory. I believe it is important that we have before us another recent case which brings this whole situation into clear focus where, in effect, a penalty was imposed as a result of what was stated to be contempt of court. I refer to the contempt of court proceedings in the Balcombe case, recently tried in Cornwall by the chief justice of Ontario, Chief Justice McRuer.

On that occasion the chief justice brought before the court certain people responsible for the sale and distribution of magazines that had referred in advance to the circumstances connected with this trial. As will be recalled, one man against whom the penalty was imposed, amongst others, was a man named Bryan. Following that the chief justice reviewed the case and changed the penalty that had been imposed. A question was raised by the hon. member for Prince Albert, and the Minister of Justice obtained a statement from Chief Justice McRuer which was placed on the record. This statement was in the third person, and appears at page 2621 of *Hansard* for March 3, 1954. I quote what the chief justice had to say concerning the power under which he acted in this particular case and also the power under which he reviewed the case and changed the penalty.

The matter was brought before the court by an application made by Mr. Kelly, the counsel for the accused Balcombe in the case of Regina *v.* Balcombe, and the material upon which the order was based was placed before Chief Justice McRuer on this application. The chief justice, exercising the inherent power vested in a judge of a court of superior jurisdiction, directed that the publishers and the distributor in the Cornwall area should be brought before the court to show cause why they should not be committed for contempt of court. In imposing the penalty, Chief Justice McRuer exercised the inherent power vested in a judge of any court of superior jurisdiction in a matter of this character, and likewise the chief justice in remitting part of Mr. Bryan's sentence, exercised an inherent power that is vested in a judge who imposes such a sentence when he considers that the service of part of the sentence may have sufficiently purged the contempt of the prisoner.

In that case the chief justice was simply saying this: As a judge, I have acted under the inherent power conferred upon a judge of the superior court. It is for me to decide what will constitute contempt, and it is for me to decide the penalty. Also inherent within my power as a judge of the superior court is the right to review and to decide that the penalty should be changed if that should be my opinion. It seems to me that this statement by the chief justice, to which I take no exception as an accurate interpretation of the situation as it stands, does emphasize the very loose and undefined position of publishers and others who may be called upon to distribute publications throughout Canada, and the danger in which any publisher may be under such a broad warning as that now given by the chief justice of Newfoundland.

It seems to me that these two statements brought together emphasize as never before the need for a definition of contempt of court outside of the court, and particularly contempt of court such as would constitute grounds for proceedings against a publisher or someone distributing the publication. Since the contempt of court proceedings in the Balcombe case were in regard to publications from the United States, which had been distributed and sold here, that emphasizes the fact that publishers of periodicals or newspapers in Canada with a wide circulation may be responsible in any provincial jurisdiction for what may happen there, according to the interpretation placed upon the meaning of contempt of court by any judge of a superior court of any of the provinces. Surely, that is too vague and uncertain a position when we speak with pride of the freedom of the press. It is not only the right of the press to speak with freedom about their opinions. Surely there can be no case where freedom of the press can be more important in its ultimate effect than the proper discussion of proceedings in court, where the subsequent security of the individual may depend upon the extent of the information conveyed through the press, which will bring the necessary reforms—if reforms should take place.

The law on this subject has a long history —a history going back to antiquity. In recent years however the statement in one case has been quoted over and over again with satisfaction by judges who have dealt with this matter in jurisdictions where there is an appropriate appeal.

In Great Britain the case which has been quoted most frequently, and with satisfaction, by other judges in other cases since that time, is that of Regina *v.* Payne and Cooper

(1896), 1 Queen's Bench, at page 557. In this report we find the following statement:

> The applicant must show that something has been published which either is clearly intended, or at least is calculated, to prejudice a trial which is pending.

Mr. Chairman, if that were the test of contempt of court as it related to a statement published in the press, then there have been cases here in Canada where a penalty for contempt of court has been imposed in which it could not, in fact, have been imposed under this interpretation. It will be found that the statement in Regina *v.* Payne and Cooper was quoted with satisfaction in one of the leading cases on this subject in 1936 by Mr. Justice Du Parcq in the case of ex parte Gaskell and Chambers Limited (1936), 2 King's Bench, at page 595. At that time the subject under discussion was the very question that was raised in Newfoundland as to the publication of civil proceedings at a time when criminal proceedings are under way.

In that case the quotation I have just given from Regina *v.* Payne and Cooper was quoted with satisfaction, and a motion to commit was dismissed on the ground that the applicant did not show these requirements.

I mention that for this reason, that it has almost come to be taken as a definition of the condition that must be met, if an applicant is to succeed in seeking to have a penalty imposed for the publication of something in connection with a pending trial.

I know that there is under consideration at the present time a provision for an appeal in contempt cases. This is contained in the proposed amendment to the Criminal Code. I would point out however that this relates only to the right of appeal, and not to a definition.

When I raised this matter a few days ago the Minister of Justice spoke of the fact that this is something of primary concern to the provinces—to the provincial governments and legislatures—because of the exclusive provincial jurisdiction over the administration of justice. I submit that this is something definitely under the jurisdiction of this parliament, because what has come down to us as an inherent right of the courts is something clearly in the nature of criminal proceedings, because it is declared to be an offence by a judge, and a penalty is imposed.

I submit that the fact that contempt of court is within the jurisdiction of this parliament is demonstrated beyond question by the fact that we now have seven sections of the Criminal Code specifically declaring certain cases where conduct of a particular kind will be held to be contempt; and a penalty is provided. If it was appropriate for this parliament to create penalties for refusal to do certain things within the courts, where the administration of justice is under provincial jurisdiction, then surely it is equally appropriate to define this type of contempt of court where there is an offence and where a penalty is imposed.

May I point out that there are a number of cases where the exclusive jurisdiction of the provinces in a particular field has not been accepted as a reason for not dealing with it by the parliament of Canada, where there has been something of a criminal or quasi-criminal nature which called for the imposition of a penalty of such a nature as would apply to a criminal offence. And, just to give one example, I would refer to those sections in the existing Criminal Code dealing with unlawful acts in restraint of trade. Those are sections 498, 498A and 499. Surely in the ordinary course of events trade would come within the exclusive jurisdiction of the provincial governments and legislatures under property and civil rights. The fact, however, that a penalty has to be imposed for certain acts that are to be described as offences was regarded as sufficient ground for dealing with that matter under the sections to which I have referred. And there are other statutory provisions which follow the same course.

It must be remembered that no suggestion of any allegation of impropriety against any judge is contained in a discussion of this subject and in the argument that the present proceedings are unsatisfactory and that any statement by any judge may in itself constitute a possible limitation of freedom of the press or freedom of the individual. We should remember at all times that our responsibility is to pass laws, and that the responsibility of the judges is to interpret those laws and to impose penalties.

The actual procedure of those courts is defined by provincial laws which state how courts will be carried on. The judges within those laws that describe the administration of justice, and under the many statutes of this parliament, of the provincial legislatures, and of the municipal councils in their local fields, must observe those laws and give even-handed justice in relation to those who may be brought before them in connection with any of those laws. It is our responsibility and not the responsibility of the judge to make new laws. I submit, Mr. Chairman, that the combination of these two statements which I have quoted and the numerous discussions in recent months and years do point out to us that the judges in these cases are called

upon to make the law, and they are also called upon to decide what the penalty will be. I submit the time is overdue for us to make the law with regard to contempt of court by publications in the press or in periodicals and even to decide what the penalty will be.

I am sure that the judges of this country, for whom by tradition and experience I have the utmost respect, would themselves welcome such a guide and such assistance in the interpretation of this extremely difficult subject.

Mr. Garson: May I ask a question?

Mr. Drew: Yes.

Mr. Garson: I understood my hon. friend to quote with approval what he describes as almost a definition of the conditions which must be met before a judge is warranted in citing for contempt. Would he not agree that what he has quoted is good law in itself? If so, wherein does the necessity of our passing a law to confirm or clarify it lie.

Mr. Drew: That is exactly the situation: that does not bind our judges now. Chief Justice McRuer said he acted on the inherent authority of the judges. I could, but I do not need to, recite cases. The Minister of Justice knows of a case which has gone far beyond the limitation of this kind; what is more, the Minister of Justice knows very well that we have no appeal procedure in this country which brings cases before the courts in the way that they are brought before the courts of appeal in Britain. It was in such a case that this judgment was given. Mr. Chairman, what I am pointing out is that there is a procedure there, but it is also a procedure that is based upon long-standing judgments. We have seen fit to define contempt of court in a number of cases. If it was wise for us to define acts in those cases, I submit it is proper for us to define acts in this case. I submit in fact it is more appropriate to define contempt when it is something that relates to the freedom of the press and to the very great difficulty there must be in the minds of publishers at this time as to what actually does constitute contempt of court.

Mr. Garson: Can my hon. friend tell me of the cases in which we have defined contempt of court?

Mr. Drew: That is exactly the point. There is no definition at the present time. There was no attempt specifically to define what contempt is in the case to which I have referred that was dealt with by the chief justice of Ontario. It was simply his decision, under his inherent powers, that there had been contempt of court; then, it was his decision, under his inherent powers, that he had gone too far; that he subsequently thought that a more moderate sentence would be more in keeping with the offence with which he had dealt.

There was a case here in the city of Ottawa —I think it was just three years ago—when a very reputable publication, the Ottawa *Journal*, was fined $3,000 for contempt of court. Without questioning the authority of the judge to impose it—I might add it was the same judge who imposed the penalty in Cornwall this year—the *Journal* editorially subsequently pointed out that they were puzzled as to how the court had arrived at this figure, or how the chief justice had arrived at this figure, and I should imagine everybody would be puzzled. I do not think we should be puzzled at how a judge or court arrives at penalties. I think we should know in advance what the penalties are. That does not mean we should know the exact amount. In regard to incarceration, it should not be less than a certain period and not more than a certain period, and in the case of a money penalty, it should not be less than a certain amount and not more than a certain amount. It does seem to me that it is a most extraordinarily open-ended power in the hands of any judge, no matter how much we may respect our judiciary, to leave him completely free to decide what the penalty would be. The fact is, I know nothing at the moment that would say that a penalty of a million dollars would not be within the competence of a judge if he decided that was the proper penalty to impose against some large publishing house. I know of nothing at all that suggests any uniform pattern. It is entirely at the whim of the judge himself. I am sure that all of our judges would exercise their best judgment; but, Mr. Chairman, there is another strange aspect about this. We are very much inclined to make sure that in most cases the persons who feel themselves offended will not themselves judge what should be done. That is because we recognize we are all human beings, even judges.

In this case it is perfectly true that the offence technically is an offence against the court. Nevertheless, in a number of cases that have come forward recently, and I would refer particularly to one which was decided in Vancouver within the last few weeks, it was obvious that there was some feeling that this is an allegation against the judge and the jurors as individuals. Nevertheless, the judge who saw himself affected by what had been alleged or stated was himself the one who created the law and said what the contempt was in this case. Without in any way seeking to review the decision, I may say that it was a very unusual type of contempt, to say the least. Then, also the same judge,

having declared the law in that particular case, and a very unusual law it was, he imposed the penalty. I do not think that is in keeping with our ordinary practice. Surely our practice is not only to define an offence, to define a penalty, but also to allow a thing of this kind to be dealt with in an atmosphere of objective detachment, which may be very difficult for even the most high-minded individual when that individual himself may feel that there has been some reflection on him personally, as there appears to be in the case in Vancouver to which I have referred.

This suggests to me a further reason why it is vitally important that we should provide safeguards against injustice. When I use the word "injustice" I am applying that neither to any judge nor to anyone who has dealt with any of these cases. I apply it to injustice within the law. I point out, however, that this is the high court of parliament. This is the place to decide now whether the time has come to follow the same practice as has been followed in cases that perhaps could have much less serious consequences in their general impact upon society, and to define both the offence and the penalty and to make sure that the person who deals with the question will, in the ordinary course of events, most likely not be the person who has himself been affected. I should also like to point out another matter related to the statement by Sir Albert Walsh, chief justice of Newfoundland, in relation to the warning given to the public of Newfoundland with reference to these recent decisions which have been made which affected publishers in other cases.

I know there have been cases in Britain where under the most severe limitation publication of civil proceedings has been described as contempt of court. That was only, however, where it was done in a way that was likely to prejudice the individual, and that was very carefully pointed out in the case I cited where the application was refused on that very ground.

I would point out that in this case in Newfoundland, without in any way going into the merits, the allegation in a civil case is precisely the same as in a criminal case so there should be no possibility of prejudice to the individual concerned by a repetition in a much simpler form of the very allegation repeated over and over again in connection with criminal proceedings.

I remember distinctly how well established a practice it is to publish civil proceedings. As the Minister of Justice knows, I was for some time master of the supreme court of Ontario, and I remember that one of the regular proceedings each day was for the press to come and obtain copies of civil proceedings that had been heard in master's chambers.

These were published with complete freedom and there was never the slightest chance that any single detail in any of these civil proceedings could possibly be subject to restraint unless an order had been made declaring that they should not be published.

I place this before the Minister of Justice, Mr. Chairman, that if there is to be any restraint on publication of this kind in regard to civil proceedings it should only be under order. After all, that is a simple procedure.

I recall very well a case that the Minister of Justice will probably remember, namely, the famous Miller will case. Many people are not aware that one very interesting paragraph in that will has never been published. It is a most unusual paragraph and it was not published because it would have caused considerable embarrassment to certain individuals and dependents. The order was obtained on proper application supported by convincing evidence that it would cause embarrassment, and that there was no real necessity for its publication. Under that order that paragraph has never been published to this day, interesting though the will was and still is.

I can recall other orders where, because of indecency or slanderous statements and things of that kind, orders were made in very rare cases in regard to particular paragraphs of some documents. That, I submit, Mr. Chairman, is the proper procedure. In that case the court knows, the public knows, and everyone has a right to know what may or may not be published.

I think it is contrary to our whole idea of free and open trial before the courts to place blanket warnings before the public which might carry forward this very uncertain, unsatisfactory and unsound practice, in regard to contempt of court proceedings in relation to the press, a stage still further in connection with the proceedings now under way.

In my opinion this threat to newspapers in Newfoundland indicates that this whole question of contempt of court has got completely out of hand. It should not be necessary for me to repeat, as I did once before, that personally I have the highest regard for Sir Albert Walsh in his judicial and personal capacity, as I have for every member of that bench.

But it is my responsibility, as it is the responsibility of every member of this high court of parliament, to deal with any matter

that comes before us where we think a possible injustice may be done or something be done affecting the general welfare of our society.

It is in that light that I have brought this matter before the Minister of Justice today, and I would point out that the chief justice of Newfoundland expressed some concern about the trial of this case by press and radio.

I do not take exception to certain statements in regard to the rights of the individual that were made, but I would point out that it was also by press and radio that the chief justice issued his warning which, with an undefined law, may have a very limiting effect upon freedom of the press and freedom of speech in that part of Canada which has a longer tradition, in many respects, of judicial proceedings than other parts of Canada with which Newfoundland is now joined as part of one nation.

I would also point out that the proceedings which took place in Newfoundland are likely to have their effect upon the proceedings that take place in other parts of Canada.

The question arises as to what parliament can do. I submit that, entirely contrary to what the Minister of Justice said the other day about the administration of justice bringing this within the jurisdiction of the provinces, this is a subject under the authority of parliament. It has been so declared in other cases of contempt. There is an offence and there is a penalty. I submit, Mr. Chairman, that it is entirely in keeping with the other section now in the code, and other sections in other laws, that we should be prepared to deal with this subject.

I believe the Minister of Justice could very well have legislation framed during the course of the present session. After all, there is certain legislation not yet before us. It would be possible to define this law in a very simple way and, Mr. Chairman, I for one would feel much more satisfied about the situation if there were a clear definition which made it quite certain that the likelihood of injury to someone being tried must definitely and unquestionably be proved, and also that there be some definite limits both to the penalty that may be imposed by way of jail sentence, and to the penalty that may be imposed by way of a fine.

This, Mr. Chairman, is something that has been discussed quite often, and I know it has been before the Minister of Justice to an extent. But I submit there would still be time to draft a satisfactory statute dealing with this subject, and I believe the freedom of the press and the right of the press to the time-honoured protection of knowing what the law is in advance demands that this high court of parliament define this particular type of contempt, as other types have been defined, and take away from the judges for their own satisfaction as well as ours what members of this high court of parliament have, namely the responsibility for deciding the extent of the penalty that can be imposed.

Mr. Garson: Mr. Chairman, in the same manner as the Leader of the Opposition, I have a very high regard for Sir Albert Walsh and his colleagues on the Newfoundland bench, and likewise for Chief Justice McRuer and his colleagues of the supreme court of Ontario. I think that my hon. friend would agree with me that we can share an equally high opinion of the judges in the Canadian courts generally.

Is this therefore not the situation? For many long years—for decades if not for generations—the parliament of Great Britain and the parliament and the legislatures of Canada also, having a high opinion of judges, have not felt that they were under the necessity of defining what constituted contempt of court or of setting the limits of the penalties that could be imposed for it. If the need for that which my hon. friend is now requesting be an inherent one, if it be something in the nature of things, as he seems to represent it, I should think the likelihood is that it would have made itself felt some time before now.

There are one or two distinctions to be drawn here. For example, when my hon. friend raised this matter the other day, he was speaking not about contempt of court but about a warning which had been given by Chief Justice Sir Albert Walsh and his colleagues of the superior court of Newfoundland in the city of St. John's, arising out of the publication by the newspapers there of some material. My suggestion to my hon. friend was that, if he were, as I understood him to be, objecting to that warning as an improper act in the administration of justice, it was a matter which was the concern of the attorney general of Newfoundland because that matter is clearly involved in the administration of justice in Newfoundland. If that warning were to be followed in the actual trial itself by citation by Sir Albert or any of his colleagues of anyone for disregarding the warning or in some other way committing a contempt of court, I do not share my hon. friend's view that the presiding judge in a trial, in the exercise of the inherent right of the court to punish for contempt in order that it may have that proper control over its own trials that it should have if it is to conduct them properly,

can do this capriciously or, to use my hon. friend's word, at the presiding judge's whim. He cannot introduce some new concept of contempt of court and, on the basis of this concept in his own mind, cite for contempt and impose a penalty.

For my hon. friend himself quoted—and I thought very aptly indeed—one of the leading cases in England which said that, in order to prove contempt of court, the applicant must show that something has been published that was clearly intended or at least was calculated to mislead a trial which was pending. I think it is a fairly elementary proposition that if the judge in any court wishes properly, in accordance with the decided cases as to what contempt of court is, to cite for contempt of court, he must act in accordance with the jurisprudence which has been built up upon the subject of contempt of court.

Mr. Drew: I do not want to interrupt the Minister of Justice but I would point out that in the Vancouver case that was not the test. It was something entirely different. It was after a verdict had actually been given.

Mr. Garson: Mr. Chairman, I really hesitate to discuss the Vancouver case, the Balcombe case or these other cases, and for this amongst other reasons. In terms of the definition that my hon. friend quoted, and with which offhand I venture to agree—I think this is a very good statement of the jurisprudence upon the subject of this particular kind of contempt of court—my hon. friend will see by the most casual perusal of the definition he cited that the applicant must show that something has been published which clearly is intended or at least is calculated to mislead the trial which is pending. That, Mr. Chairman, is a question of fact. One of the greatest difficulties we have in discussing the merits of the contempt of court in the Balcombe case or the possible contempt of court in the case in Newfoundland or the merits of the warning that was issued in Newfoundland as applied to the facts there—one reason why it is almost impossible to discuss these things intelligently is that they hinge upon the facts, and we do not have a comprehensive statement of the facts.

This is an extremely important matter, and it is very much to the credit of the Leader of the Opposition that he raised it. After he brought it up the other day I wrote to Sir Albert Walsh the following letter dated May 31:

Dear Sir Albert:

I am enclosing herewith the *Hansard* report of May 27, 1954, in which is recorded an exchange between the Leader of the Opposition and myself with regard to a statement attributed to you in the *Daily News* of St. John's.

[Mr. Garson.]

One of the difficulties of discussing a question of this sort intelligently in the House of Commons is that, in a matter which it seems to me hinges largely upon fact, we do not have a comprehensive statement of the facts. If, therefore, you could directly or if you think it preferable, through the Attorney General of Newfoundland, put me in possession of material relevant to any discussion which may be opened up by the Leader of the Opposition or others, such a course would, I think, lessen the possibility of the debates here creating a misunderstanding by Canadian public opinion of the issues involved.

That is one reason why it is so difficult to deal with, as finally and as conclusively as they deserve to be dealt with, the points raised by my friend the Leader of the Opposition.

However, in general terms I think this much can be said. To begin with, with great deference, in the light of the case law which my hon. friend himself cited, which is fairly clear and explicit of one type of contempt, I would doubt as to whether there is any definition which we could insert in the Criminal Code or in any other statute which would be any clearer or better statement of what that type of contempt consisted, than what my hon. friend referred to—and very correctly—as almost a definition of the conditions which must be met before the judge is entitled to cite for contempt of court. On that point therefore I would doubt very much whether it was desirable that we should insert a section to that effect in the Criminal Code, something which, as my hon. friend himself has proven, is already dealt with in the jurisprudence upon the subject. If we did so—as I am sure he would be the first to agree—we could only do so in relation to those criminal courts which are referred to in the Criminal Code itself. Rather than do that, the royal commission which was charged with the task of consolidating the code, our own Department of Justice and, up until the present time, the House of Commons and the other place—although I understand that the members of the other place are examining this particular provision at the present time—have thought that the substantial points which my friend the Leader of the Opposition has raised today might be properly met by providing, as the new Criminal Code consolidation bill provides in clause 9:

Where a court, judge, justice or magistrate summarily convicts a person for a contempt of court and imposes punishment in respect thereof, that person may, with leave of the court of appeal or a judge thereof, appeal to the court of appeal

(a) from the conviction, or

(b) against the punishment imposed.

It continues in subsection 2 as follows:

For the purposes of an appeal under subsection (1) the provisions of Part XVIII apply, *mutatis mutandis*.

That means, as I am sure my hon. friend will agree, that for the first time in Canada we will have an appeal both from the conviction and the sentence in respect of a citation for contempt of court. This appeal will enable the appeal court to deal with the question of what constitutes contempt of court, or to use my hon. friend's term, what is its proper definition. Thus it will cover the case in which a judge, purporting to cite for contempt of court, has imposed a penalty for something which, whatever it may be, is not contempt of court. All these points can go before the court of appeal; and there can also go before the court of appeal for reconsideration the adequacy of the sentence which has been imposed. Thus I would think, with great deference, that in the new Criminal Code Bill No. 7 we have anticipated my hon. friend and have gone already as far as we should go in this direction which he has suggested.

With regard to contempt of court committed in a civil court, without going into the matter too carefully I would be inclined to think that an appeal from a citation for contempt of court occurring in provincial courts exercising civil jurisdiction would more than likely have to be provided by provincial legislation. For offhand I cannot entirely accept my hon. friend's suggestion that contempt of court is a crime in the narrow sense. I would say that the power to cite for contempt of court is an inherent power of a court of superior jurisdiction to control the proceedings before the court itself, and that if there are to be any limitations upon the power to cite for contempt in a provincial court of civil jurisdiction dealing with civil cases the question would have to be carefully looked into as to whether that could be provided by any other than provincial legislation.

Mr. Drew: I want to deal very briefly with two points raised by the Minister of Justice. First of all, I am very strongly of the opinion that this is properly a subject for action by parliament. I would point out that section 164 of the existing code indicates how far parliament has gone in dealing with penalties relating to matters that may come under not only laws of the parliament of Canada but provincial laws as well. The minister will remember that section 164 reads as follows:

> Every one is guilty of an indictable offence and liable to one year's imprisonment who, without lawful excuse, disobeys any act of the parliament of Canada or of any legislature in Canada by wilfully doing any act which it forbids, or omitting to do any act which it requires to be done, unless some penalty or other mode of punishment is expressly provided by law.

I read that for this reason. This is intended to make sure that there shall be no loose interpretation of the inherent authority of the court but rather that in any case where any act, either of the parliament of Canada or of a provincial legislature, calls for something to be done, the failure to carry out that obligation renders the person liable to one year's imprisonment for such failure if some penalty has not otherwise been provided either by the parliament of Canada, under its jurisdiction with relation to criminal law because otherwise it would have no right to enter that field, or by the provincial legislature. I mention that because I submit, while it is not on all fours with the problem before us, that it does indicate the extent to which, under the general authority of the parliament of Canada, anything that savours of criminal law or a criminal offence or punitive action is within our jurisdiction and calls for action.

With respect to the point made by the Minister of Justice about the quotation I gave from the case I described as the leading case at the moment in Britain, I would point out that does not apply here because the judges here act under the inherent power of the court, as Chief Justice McRuer said.

Mr. Garson: They do in England too.

Mr. Drew: Oh yes, but of course, as the Minister of Justice knows, there is an appeal procedure which over the years has established very clearly a definite jurisprudence. That is exactly the point I am making. These cases to which I refer are cases that follow a definite line of precedents. I have pointed out in support of my contention that we need something here to define the penalty in line with other definitions and stated penalties. The fact is that we have had cases in Canada which have clearly demonstrated that our judges do not feel themselves bound by the limitation to which I have already referred in regard to publication of matter in the press.

It is with that thought in mind that I submit that if offences in court against the orders of the court need to be defined it is even more necessary, in relation to those things that go out to hundreds, thousands and millions of people for reading, that the offence should be defined and the definition should be in the simplest, most understandable form. Without suggesting that it should be limited to that, I certainly would feel very much more satisfied if a simple statute were enacted that merely interpreted in statute form the definition I quoted from the English case and also what the maximum penalty will be.

I can only repeat that as the situation stands at the moment some publication which might be assessed a penalty of $1 million—and in these days of high penalties that is not an impossibility—would have no argument to sustain the claim that that was an excessive penalty. Surely with the best of judges and with the best of intent on the part of these judges, which no one questions, it is not consistent with our practice to leave such wide powers in the hands of any judge at this time.

Mr. Garson: I should like to make two observations. First we were under the impression that by providing an appeal we were meeting the very points which my hon. friend has just now so clearly enunciated. The other point is this. Does my hon. friend really think that we would be well advised to use our power to enact statutes in relation to the criminal law to attempt to define what should be contempt of court and the punishment therefore in civil actions in the provincial courts of civil jurisdiction? Should such statutes not be left to the provincial legislatures to enact even if we had the power to enact them?

Mr. Drew: I submit that the action under which a person is haled before a court by way of contempt of court proceedings is in fact a criminal proceeding and that it should be dealt with in that way for the whole of Canada so that in every part of the country publishers will know exactly what they have a right to do and will be warned in advance, in accordance with our ordinary concept of justice, of the things that they must not do.

Mr. Winch: Mr. Chairman, if the discussion on this phase is over, there is one matter I should like to draw to the attention of the Minister of Justice.

The Deputy Chairman: Perhaps the hon. member would not object if I were to interrupt him at this moment to ask the hon. member for Prince Albert if he wishes to follow the same line of discussion as the Leader of the Opposition. If the hon. member for Vancouver East is agreeable, I think we might make our debate more orderly if we followed the same line of argument.

Mr. Power (St. John's West): Could I say a word on this point?

The Deputy Chairman: Is the hon. member for Vancouver East agreeable that the hon. member should follow the same line of discussion?

Mr. Winch: I presume I can follow after this subject is finished.

The Deputy Chairman: Yes. I did not wish to interrupt the hon. member.

[Mr. Drew.]

Mr. Winch: I presume I can follow afterwards?

The Deputy Chairman: I did not wish to interrupt the hon. member, but I thought we might make our discussion more orderly by discussing one subject at a time.

Mr. Power (St. John's West): Mr. Chairman, I have no intention of attempting to give my view as to what should be done about the law of contempt or of stepping in between the Leader of the Opposition and the Minister of Justice. However, I believe something should be cleared up in connection with this matter. The Leader of the Opposition expressed his respect for the Newfoundland bench and the chief justice of Newfoundland. He did say something else in connection with the Valdmanis case that should be mentioned because people do read the spicy parts of speeches.

In referring to the Valdmanis case the Leader of the Opposition mentioned secret trials and star chamber proceedings. I do not think the Leader of the Opposition would like that phrase to stand in connection with this matter because he knows, and everybody in this house knows, that there are no secret trials or star chamber proceedings in Newfoundland.

Mr. Winch: There is one matter I should like to mention on this item because it is a policy matter, and I do not know of any other item in the estimates under which it could be raised. Actually, it is a request to the Minister of Justice to use his position in a way I think will prove of benefit to Canada as a whole.

Unfortunately, there are those people who, for one reason or another, come into conflict with the law. When they are caught, they have to pay the penalty of the law. In these modern days of penology the old punitive idea is rapidly disappearing, and I am certain that all of us in this house are very pleased that this forward step has been made in the penitentiary system in Canada. I personally know of the progress being made and I want to add my words of commendation concerning the changes that have taken place in recent years. The minister is most certainly to be congratulated on that phase of the activities of his department.

I am certain the minister will agree with the idea that once a person comes out of the penitentiary after serving the penalty for his crime against society, it is the hope of everyone in authority that the person can take his place as a respected and responsible member of society. I feel I am absolutely safe in saying that in the majority of cases the various police authorities do not obstruct those

who have served the penalty and who try to become useful members of society. I know a great many of the members of the various police forces of Canada who do everything they possibly can to co-operate and to help those who have served a term in prison. I want to emphasize that statement I have just made, that in my opinion the majority of the officers of the police forces go out of their way to assist because of what I am now going to say.

It is unfortunate, but there is a minority in the police forces of Canada, and I include the R.C.M.P., who do not take the position that these people who break the law and have served their penalty should be assisted. I am not speaking from hearsay or rumour. I am speaking from a working knowledge of the fact that unfortunately there are a few on the police forces, including the R.C.M.P., who will go out of their way to persecute a person who has served a sentence, instead of helping him. I ask the Minister of Justice, as the nominal head of law and justice in this country, as well as the R.C.M.P., if there is any way of issuing a directive to indicate that these people should be helped if they are deserving of help.

I could take a great deal of time in giving instance after instance to prove my point, but I am just going to give one. I am not going to mention any names because that would not be fair, and it would only give publicity to the matter. I definitely know of a man who broke the law—no question about it. He was found guilty and paid the penalty. He spent a term in the penitentiary, and I was convinced he had learned his lesson. He came out determined he would never go back. He got himself a job and proved he had ability. He rose to be manager of the company. He had a family, and then what happened? No sooner had he become established than the R.C.M.P. came in and told his employer he had a record. Fortunately for this man he was wise, and had told his employer when he applied. He was staying at a motel, and the R.C.M.P. officer went to the motel owner and told him the man had a record and to get rid of him.

This went on for a period of time, and at last the man could not stand any more of it. He moved about two provinces away and got another job. He proved himself again and rose to be the top salesman for this company so that now he is the boss over all the other salesmen. His life, Mr. Chairman, is still being made a living hell on his route. Many of the customers upon whom he calls are told, even before he gets there, that this man is going to travel that route. During the last two months, because of the weather in the prairie provinces, he tried to avoid that embarrassment by going into British Columbia. In the city of Kamloops, what happened? He was there one day when the R.C.M.P. came into the hotel and he was driven out again. As I say, I am not mentioning any names. I am just citing one case, and I am glad it is rare. You can see what that could do to a man who is trying to make good, and who has paid the penalty.

I shall be glad, in confidence, to turn the entire information over to my hon. friend. I am going to reiterate what I said before, that in the majority of cases the police officers are found to be co-operative. There are some who take this attitude of persecution. I hope the minister can perhaps do something, either directly or through some other medium, to make it clear to all law enforcement officers that they should be very careful in protecting people, and very careful in watching those they think are not going to reform. However, when they see a man or woman trying to rehabilitate themselves, trying to be good citizens, the officers should help them instead of trying to drive them down.

There is one other case I would like to refer to the minister, in the hope that perhaps he can do something about it. It is a case which I had brought to my attention about two years ago, and concerns a young man who was called from his home by his chum. They were going down the street, and the chum—

Mr. Garson: May I interrupt the hon. member for a moment, to say only this, that what my hon. friend states in relation to this case is so completely at variance with the instruction and the traditions of the mounted police that I know he will not take offence if I say I find it extremely difficult to believe. But I will welcome his bringing all the details of the case before me; and he may rest completely assured that it will have the most careful investigation. And if there is any foundation for the allegations which my hon. friend has made, he may be sure the proper steps will be taken.

Mr. Winch: I welcome the remarks of the minister. That is one of the reasons I mentioned it, because I was certain he would get up and make a definite statement. And may I suggest that I am not speaking of one case, or a particular record. I am speaking from experience in a number of cases. I reiterate that this is not to be taken as a criticism of the majority of law enforcement officers in this dominion, or of the R.C.M.P. But I wish to get across the point that there is still a minority who are not doing what the minister wants. I said a moment ago

that I will be glad to turn over the complete file of this particular case, in confidence. That is one sample. I could give him quite a number.

Mr. Garson: I would be glad to have them all.

Mr. Winch: And then, on the other point—and to me it is the important point. From my understanding it can be handled only by the federal government, or perhaps by the house. It refers to a young man in his teens who, along with his chum, was out on the street. Apparently this chum was not too good, and told this boy that he wanted to go behind a store for a few minutes. While the chum did not know it the other boy was breaking and entering. They were arrested. The boy who broke and entered was sentenced, and the other boy was let go on a suspended sentence. He never spent a day in a provincial jail, or a day in a penitentiary —and never has in his whole life.

Some time later he got a job. Just to indicate his ability, let me say that he worked up to a position where he had to be bonded. An application was made by the company—one of the best known companies in Canada—for the bond. They received a refusal—"his name is on a police blotter". He lost his job.

Then he got another job, and five years later had worked up to an administrative position, where he had to be bonded. Again the company gave the answer: "No, his name is on a police blotter". Sir, today that man has lost all hope; he is frustrated; he is an itinerant worker; his wife and child have left him—all because the bonding company will not give him a bond, all because twenty-three years ago his name was put on a police blotter, under the circumstances I have described. And even after that period of time, the bonding company will not give him a bond.

I took the matter up with the local police department and asked if something could be done. The answer was: "We are sorry. We agree with you. We know this man. We know his father—he was an officer of this police force. But we cannot do a thing about it; it is the law. It is something that comes under the federal government."

I have not been able to find out how the matter stands, and what can be done about it. And that is the first of three such cases that have come to my attention. I thought I would raise the matter here and ask the minister if there is anything that can be done, or is required to be done, so far as the law is concerned, in a case of that kind.

[Mr. Winch.]

Mr. Garson: If I understood my hon. friend correctly it would seem to me that this has not anything to do with the police. It has only to do with the policy of the bonding company. That company, controlling its own money and its own business policy, is entitled to say upon what terms it will grant a bond. If the company has a fixed policy that will not grant a bond to anyone who has a criminal record, however slight or however long ago, then that company policy would prevent the issuance of a bond. The police were quite correct when they told my hon. friend that there was nothing they could do about it. But they were not correct if, as he said, they told him that that was the law.

There is no law about it at all. If he was convicted and was released on suspended sentence, he was in fact convicted. That fact is recorded in a public record. And if the bonding company will not issue a bond, that is not the fault of the police or the law. I doubt very much if we could pass a law here, other than one which would expunge convictions from the records beyond a certain date, which would change the situation of which my hon. friend complains.

Mr. Diefenbaker: Mr. Chairman, I would refer first to the statement made a few moments ago by the hon. member for Vancouver East. I must say that when he stated that even a minority of the R.C.M.P. were hounding persons within this country who at some time had been convicted, it is something that is not in keeping with my experience nor, I am sure, the experience of Canadians generally.

The mounted police need no defence. For many years, to a degree experienced by perhaps only a few in the house, I have appeared opposite them, and I have never known this distinguished body, either in a minority or in a majority, to do anything that would interfere with the rehabilitation of any person who at any time had committed an offence.

The R.C.M.P. need no defence; and I think the hon. gentleman would have been far better advised had he placed this case before the authorities. If, as he says, there are several cases, then I think the minister should ask for those several cases, because apparently there is a concentration in one province of such wrongdoing that is not to be found in the other provinces.

I say this because I feel that to generalize, as the hon. member has done, in regard to this great force, with its traditions for service, for honour and for proper police protection, and to castigate them even as a minority

before the House of Commons, does not give to them that degree of fairness that I feel they deserve.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Diefenbaker: Mr. Chairman, the hon. member for Kamloops is to be congratulated on the effective manner in which he discussed this very serious problem of preserving and maintaining the security of the state while, at the same time, maintaining the rights of the individual to the maximum extent. This afternoon parliament discussed a subject worthy of the best traditions of the House of Commons.

Generally speaking, it is good that from time to time major questions such as this should be considered with the fullest and frankest exchange of opinions. We realize the danger which we face nationally and internationally from communism. However, in meeting communism, we must not allow ourselves to drift into a condition that might be described as a garrison state. In meeting the terrible challenge that communism has raised as against freedom everywhere in the world the major responsibility of democratic parliaments today is to endeavour at all times not to imperil unnecessarily personal rights and freedom beyond that boundary wherein the safety of the state must be of paramount importance and must be maintained.

This afternoon the Prime Minister dealt with this matter at considerable length. At times I felt he was having difficulty in explaining his support for a system which has its imperfections, which had its shortcomings and its dangers revealed by the hon. member for Kamloops and which inherently in its constitution is a denial of the rule of law and the maintenance of the rights of the individual. Everywhere, among nations with a democratic background and a parliamentary heritage, the same difficulty besets the endeavours of governments to achieve their purposes through established institutions.

The hon. member for Kamloops showed what had been done in Britain. I intend to refer to what is being done or projected in the United States to the end that, where there are in the present system shortcomings that endanger the rights of the individual, those rights shall be maintained within the widest possible limits consistent with safety.

Parliament today found out for the first time that the Secretary of State was the chairman of this committee during a period of time. Because of the knowledge he possesses, the Secretary of State is one who should at least give the committee some idea of the operation of this secret committee. History shows that anonymously-manned committees dealing with the freedom of the individual are generally the prelude to the denial of the rights of the individual. Such procedure is the antithesis of freedom. It subjects the individual not to the rule of law but to the arbitrarily capricious exercise of the power of the state. These things are necessarily so when danger threatens. What parliament has to face is this fact. While we want to assure our security as of the first importance, under no circumstances do we want anything in the nature of a star chamber that operates behind closed doors, is presided over by the instrument of anonymity, that carries out its work without the evidence of the individual accused, and which, by the course that it follows, pronounces upon that individual, in the event of his being found unfit, a penalty that will remain with him throughout life.

Today, as always, there are those who challenge freedom. I listened to the Leader of the Opposition today dealing with some remarks made by the chief justice of Newfoundland to the press of that province, which anticipated that the press might commit an offence for which punishment was intimated.

Freedom cannot survive without hospitality to ideas with which we disagree. I fear for freedom when the right of the press to speak fearlessly and to report fairly is challenged at any time. There is that everlasting conflict between freedom of speech and the fear of it. There is an everlasting conflict between, on the one hand, the tendency to suppress what we disagree with, and on the other the right to speak as we wish, so long as in speaking we do not speak treasonably, seditiously, blasphemously or libellously. Without freedom of the press there can be no political liberty. It will soon be a memory. That is why I agree with what the hon. gentleman said, that the right of the individual to appeal against conviction registered for contempt is in the nature of a reform that has been long needed and required.

I know of no better definition of what freedom of the press means than that once spoken by Jefferson when he said:

> The basis of our governments being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide

whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter. But I should mean that every man should receive those papers and be capable of reading them.

Freedom of the press is challenged when warnings are made in advance as to what will take place if the newspapers do what they have the right to do, namely, to report fairly and accurately the facts of a case. And the challenge is multiplied where there is no right of appeal after conviction when the newspaper does its duty and publishes what it is entitled to do.

I cannot see what the challenge to security is in having revealed the names of the members of this committee. Shall we have a body charged with the power to determine a man's reputation for all time to come? A body that is anonymous? That body may be right in most of the conclusions it comes to, but a secret tribunal is a perversion of justice and a denial of our heritage.

I ask the minister to explain where there is in our security that which requires that this committee shall remain undesignated. Why should not the accused have the right to give evidence before that body? I realize that the identity of his accusers cannot be made available to him, otherwise it might very well be that the entire system of counter-espionage would be defeated. But surely an individual, anonymously charged, anonymously proceeded against, should have the right to know something of the general nature of the charge. Surely he has a right not to be condemned in a secret tribunal, meeting secretly, and coming to a decision behind closed doors.

Mr. Garson: I am quite sure my hon. friend does not wish to mislead the committee. It has been explained on a great many occasions that the secret panel, to which my hon. friend has referred, does not deal with any of these individual cases at all. It deals with the general question of security, questions of policy, and the like. But the idea that the case of a person who is suspected of being a poor security risk comes up before the security panel is quite without foundation.

Mr. Diefenbaker: I do not say that they come before the security panel. I say the security panel determines the question, and the person whose reputation will be destroyed by suspicion and by the action taken should at least have the right to answer.

But let the minister reply to me when I have concluded my remarks, because I have some suggestions to make in connection with this matter. I admit it cannot be a public investigation, but we do not want it to be by a legislative committee either. The experience in recent weeks of a public investigation of communist wrongdoers or potential wrongdoers is a perversion of democracy where trial takes place by innuendo and where, in the public mind, conviction takes place by suspicion.

No, not by a public legislative committee. After all, in an organization such as that, headline hunting takes the place of judicial calm, and guilt is determined on the basis of the charge laid, regardless of the evidence.

It cannot be publicly done; it cannot be by public inquiry. If it is to be done in the only way available, namely through consideration by representatives on a panel, I suggest this, that first and foremost there should be the right to answer, and where there is any preponderance of evidence the security of the state shall determine the result.

But surely the principle of an anonymous tribunal need not necessarily be adopted in order either to preserve the security of the state or to assure justice.

A recent case in the United States is of interest. That is the case of Dr. Oppenheimer who was suspended last December, and who made his appeal to the atomic energy commission security board. That board made its decision yesterday, and by a majority of two to one determined that, while Dr. Oppenheimer was not guilty of any direct offence, in the interests of security the acceptance of his withdrawal in December, as requested, should be continued.

But apparently that is not to be the final move. In yesterday's issue of the *Christian Science Monitor* President Eisenhower is reported to have said that the Oppenheimer case is still going through a quasi-judicial process and that until the appeal was finally settled he would not comment.

In that I think there is a suggestion that might well be adopted in this country, namely that in any decision that is made adverse to the individual he should at least have available a quasi-judicial appeal, at which he could present his side of the case so that injustice shall not be done, and so that unfairness will not be allowed to pass unchallenged, while at the same time maintaining the security of the state.

After all, this is a very difficult problem to handle. It is one that challenges the ingenuity of those who would meet it. These things admitted, nonetheless I believe this. Every individual should have the right of appeal to a quasi-judicial body, not meeting openly, in order to give him the opportunity, whoever the accused may be, to place his side

of the case before that body to the end that, in maintaining our security, we do not go to the length of making possible the sacrifice of an innocent man's future by the failure to provide those safeguards which freedom, throughout the years, has established to maintain and assure the maintenance of the freedom of the individual.

Only the other day I came upon a novel that was written in the first world war and which, I think, epitomizes what I have been trying to place before the committee. It was one written by Sir Arthur Quiller-Couch. The title page reads as follows:

> The best revenge on your enemy is not to be like him.

The story that is revealed in this novel is of two antagonists, each steeped in hatred of the other and who, after years, grew to resemble each other so closely that at the end it became hard to tell one from the other.

Mr. Chairman, let us maintain our national security in the world of today but let us not go to the point that we sacrifice the freedoms for which we contend and imitate the thing we hate in order to defeat that thing. That represents the viewpoint that I think might be brought before the committee. It is not advanced in any spirit of criticism but in a realization that, in the cold war of today that seems destined to continue for many years in our generation, first and foremost in this citadel of freedom each of us must speak out to the end that there may be preserved that degree of freedom which will assure the mainsprings of resistance against the forces of communism. I do not believe that those mainsprings can be maintained by sacrificing them unnecessarily for the expediency of the moment.

Mr. Hosking: Mr. Chairman, I wish to take only a moment or two of the time of the committee to express my opinion with regard to the department run by the Minister of Justice. I think we as Canadians can all be proud of the groups of people who come under his jurisdiction, and we can all hope that they will continue to be maintained at the high standard at which they are maintained today.

I would refer particularly to the Royal Canadian Mounted Police. I think that every member of parliament and also a great many citizens of this country have heard the words of praise from visitors to this country with regard to their appearance, their efficiency and their integrity. I am glad to know that the present minister is maintaining that high standard in this extremely important force.

I should also like to pay him a compliment on the way in which our penal institutions under his jurisdiction have been maintained. I think we have every reason to be justly proud of the little trouble we have had in our penitentiaries in the past years. I also think that we can and should show the same admiration towards the judges of this country; and it is on this point that I wish to say the few words that I am going to say tonight.

The judges in this country have had the happy position of being well respected ever since the founding of the dominion. Anything that might happen to them to change this opinion of the people would be a serious detriment to the country. Since the end of the war there have been numerous cases where our judiciary have been used to arbitrate in industrial disputes. It may be extremely flattering to the judiciary to be picked as arbitrators on these boards, but I do not believe that this is a good way for the judges of our country to be used. To me the work of a judge in administering justice seems to be a different field from that of an arbitrator. It is necessary for an arbitrator to stretch justice one way or the other so that a plane of mutual understanding can be reached. I do not like to think for a minute that justice in our courts should be regarded as something that could be stretched one way or the other in order to meet some compromising position between two opinions. I do not believe the man lives who can spend weeks and weeks in making extremely important decisions which are not justice decisions but which are expedient decisions, without an effect being produced upon his opinions. I cannot help feeling that the people who sit and watch the performance in these arbitration cases cannot have the proper respect for the arbitrator acting as a judge after they have had the experience of watching one of these arbitration cases.

I think it is highly important to this country that some method be found to relieve the judges of the responsibility of accepting positions as arbitrators. Not only do we have the two different schools of thought—they are different; and I sincerely hope they will always remain so—but we have judges absent from their offices for weeks at a time when the lawyers in that community—and I am not a lawyer—have not the access to the judge which they should have. This absenteeism must make the position of many solicitors extremely difficult. I should therefore like to see the Minister of Justice spend the time that is necessary to make with the provinces the arrangements, which must be made, to return our judges to their benches,

so that they may not be put in the position where labour leaders and management both feel that it is not justice that is being dispensed and where, in some cases, they will exhort their supporters to disregard the opinion of a man whose opinion should not be disregarded.

I would plead with the minister that he take the steps that are necessary for the discontinuance of this practice of using judges on arbitration commissions.

It may be that the judges should be paid more. I am not in a posiiton to argue one way or the other about that, but it certainly should be made perfectly clear that a condition exists now that did not exist ten years ago and it should not be allowed to continue for years. If the process of arbitration is to be permanent, if it is to go on down through the years, then it is time that we changed our system so that we will not have judges acting as arbitrators in labour disputes.

Mr. McIvor: Mr. Chairman, I will be brief but I have something to say. I do not doubt the statement of the hon. member for Vancouver East. I think he will get somewhere with the Minister of Justice, but his experience is not mine. I have sponsored a great many convicted people, I think about 172, released on permit or parole, and only three have failed. Even they did not fail very badly. One man was the worst because he could not keep away from liquor. My worst problem is not the police. The worst problem I meet in trying to rehabilitate some of these men is their own thinking. I have never had a boy under 20 years of age who was a repeater.

When the Prime Minister was minister of justice he said that it was in the best interests of human beings not to make them serve the full term of their sentences. Our present Solicitor General was kind enough to let me have a boy when he had only served half his sentence last week which shows that the Department of Justice and the minister have not changed their attitude. I think it is in the best interests of the man who makes a mistake not to make him serve his full term, and I think the Minister of Justice will support that statement.

We have a man in Fort William now who has been a repeater. I refused to sponsor him when he was released this time because I could not believe him. You have to judge a man by his conduct, and I am still hoping that some day he will change his mind and go to the proper source for help to overcome his difficulties. I must say that I have had co-operation from our police in Fort William. In the case of one man who was released on permit the mounted police went further in my opinion than I thought they should go, further than I would go because I was a little bit afraid that the man would not keep his word. That prisoner came from Westminster jail and not from Fort William.

The mounted police have co-operated with me splendidly, and I think that the hon. member for Vancouver East will find that the case he mentioned will be cleared up completely either by the Minister of Justice or by the chief of the remission branch. I do not doubt his experience at all. It is heartburning to a man who is trying to make good to be hounded. It is the duty of all of us to see that these men get a chance to make good. I thank the chief of the remission branch and the Minister of Justice for the co-operation they have given me. We have got to be very careful in recommending anybody for parole or release on permit. We should thoroughly examine the case in co-operation with the chief of police or the provincial police, and when we are convinced that the boy, man or woman wants to make good and is ready to be released we should trust them and co-operate all the way.

Mr. Winch: Mr. Chairman, the hon. member for Fort William referred to me twice, and may I say that he and I are not far apart at all. As a matter of fact we are very close. I agree with him completely that the big problem is the man himself and I have never said anything different. When I spoke this afternoon I said not once but at least half a dozen times that in my experience the majority of the law enforcement officers in Canada, including the R.C.M.P., are doing a splendid job in assisting those who have served their penalty. I even said more than that. I said that from my personal knowledge many of them go out of their way to help.

I did say that there was a minority, a few if you like, who did not fall into that class. I drew that to the attention of the minister because, as I explained when I started, in my estimation a forthright statement by the Minister of Justice would mean a great deal to all the law enforcement bodies of Canada. From what the minister said I am certain that he understood me perfectly. The only one who did not understand me, who did not pay attention to what I said about the majority, was the hon. member for Prince Albert. Why he had to pick on my reference to the few is up to him. I think I know the reason why. But what I said was quite clear to the minister. I will give him the information and I am certain, as has been said by the hon. member for Fort William, that the case will

be very carefully investigated in confidence because it involves some persons in the civil service.

While I am on my feet may I say one other thing. Strangely enough, once again I am going to do as I did when I started this afternoon, speak in commendation of the minister and his administration. No matter what party we represent, I believe that if we think the government is wrong we should criticize them as severely as we can, and if we think they are right and are doing a good job we should commend them. I am always prepared to do that and I always have. I have been most interested in an experiment that has been carried on now for approximately two and a half years in the British Columbia penitentiary. As it is an experiment, I presume that the authority for it must have come from the Minister of Justice. I understand it is the only penitentiary in Canada where such an experiment has taken place. It is not costing the government or the taxpayers any money. I am referring to the Dale Carnegie course in the British Columbia penitentiary. It was my privilege to spend two days in the penitentiary as a visitor.

Some hon. Members: Oh, oh.

Mr. Winch: I got in and I got out. Unfortunately the warden was not there on account of ill health, but in the two days I met all the top officials and a great many of the guards and they spoke in the highest terms of this course which was being conducted as an experiment. I spoke to a great number of the inmates, and they were high in their praise of the course. Since that time I have found out that for the last course, which I believe was the third, there were more applicants than the instructor could possibly take because he will not take more than 35.

Since I arrived in Ottawa I have received a number of letters from the inmates who took the first course telling me of the jobs they now hold since they have been released into society, and how this course completely changed their outlook and their attitudes to life. From what I heard from officials of the penitentiary, the guards, the inmates and those who are graduates of the course and who are now back in society, I am convinced that this is perhaps one of the finest experiments ever authorized by the Minister of Justice. It has proven itself in British Columbia. I should like to ask the minister whether he has received reports of this experiment and if so has he made any analysis of them? Is his conclusion that it would be worth while spending the taxpayers money to have the same experiment conducted in all the penitentiaries across Canada? I believe it would be a successful move to rehabilitate those who have broken the law.

Let me say again that I feel this is one of the finest experiments ever conducted. I congratulate the minister upon it. I believe it has proven itself in the one penitentiary to such an extent that it might now be advisable for the department to consider expanding it to include all the penitentiaries in Canada.

Mr. Hahn: Unlike the gentleman who has just taken his seat, it has not been my privilege to spend a day or two in the British Columbia penitentiary, even though it is in my riding. We are not happy about having it in that particular part of the riding, as the Minister of Justice knows, and that is one of the reasons I am rising at this time. I do wish, however, to commend the minister and the mounted police, as well as everyone else who has anything to do with the administration of justice in this country. I think they are doing an excellent job.

I should like to reiterate what the member for Vancouver East said concerning the experiment in the British Columbia institution. In so far as the effect upon the morale of prisoners is concerned, from all the reports I have been receiving I would say that everything the hon. member has said is completely justified. It appears that the experiment is a success.

However, to return to the removal of this particular prison. Many years ago when the district of New Westminster was a small district, it was decided to build a penitentiary along the Fraser river somewhere between what was then known as Sapperton, and the royal city of New Westminster. Since that time the city has grown rapidly, and it has now reached the point where it is almost impossible for anyone to buy property on which to build a home. The penitentiary, because it overlooks the Fraser river, is situated on property with one of the finest views in the whole of British Columbia. The city fathers of New Westminster have indicated from time to time that they wish to have the penitentiary moved. I should like to draw to the minister's attention that if it is possible to have a long-range program in connection with this matter of building penitentiaries certainly one of the first areas to be given consideration should be the New Westminster area. The penitentiary should be moved, let us say, to the Agassiz area, which I understand is desirous of having it, or in some other district that desires it.

Mr. Nesbitt: It has been suggested many times in this house during this session that the minister ought to hold a conference with the attorneys general of the various provinces with respect to the very urgent matter of death on the highways. At this moment I certainly do not propose to deal with that matter. I feel it is a very good suggestion, and the reasons for it have been set forth many times. If such a conference is held by the minister, there is a problem that I think should be on the agenda for consideration, and if such a conference is not held perhaps the minister might consider introducing appropriate legislation to deal with the matter.

The matter with which I wish to deal for a few moments is bicycles and the riders thereof. I am not concerned with adults who ride bicycles. I do not believe that is a matter for proper consideration. Bicycles are here to stay, and adults have to ride them to get to work. It is true that in certain countries, such as England, there are paths on the side of the highway along which adults may ride bicycles. There are certain highways in Ontario, I believe Nos. 400 and 401, upon which bicycles are prohibited. I do not propose to deal with the matter of adults riding bicycles. I am concerned with children who ride bicycles.

I fully realize that the matter of licensing bicycles, and the way they must be lighted, is the concern of the province. I do not wish to touch on that at all. The state is concerned, however, with the welfare of its children. Parents are supposed to be able to look after themselves, but they are also supposed to look after their children. Occasionally we find situations in which parents are not as careful of their children as they might be. In such a case the state has to step in.

Now, the bicycle is a vehicle which arrived before the automobile, and probably for that reason legislation in this respect has not been introduced. I am told, I do not know from personal experience, that 50 years ago there were very few cars on the highway. We had nothing like the traffic situation we have today. Consequently, whether the people who rode bicycles were 50 years of age or ten years of age made little difference. Today, the picture is quite different. Our highways are covered with cars moving at high speeds and with great power. More people own cars in Canada today than ever before. Traffic congestion on our highways, as we all know without going into detail, has become appalling and conditions in the cities are even worse.

Let us compare the bicycle with the automobile for a moment.

[Mr. Hahn.]

The Chairman: I wonder whether the hon. member would indicate whether he is dealing with a matter within the jurisdiction of the federal Department of Justice.

Mr. Nesbitt: I certainly am, Mr. Chairman. The Department of Justice can pass regulations affecting the person, not the vehicles, and it is to that I am directing my remarks. I am using a bit of background material to illustrate my point. It was recognized at an early date that people had to reach some degree of adult maturity before they were issued licences to drive motor vehicles, inasmuch as they were considered dangerous objects when driven at high speeds, and perhaps by persons without good judgment.

A bicycle is also a vehicle, albeit a human-driven rather than a power-driven vehicle. As I am going to show, a bicycle is just as great a menace when driven by a person without mature judgment as is an automobile. Children ranging from six to nine years who ride on the highways or other widely used public thoroughfares constitute a great menace not only to themselves but to the drivers of automobiles. It is my feeling that the minister should look into the matter as to whether or not children below a certain age—possibly sixteen years or fourteen years—should be prohibited from riding bicycles. I know there would be a great outcry if little Johnnie were to have his bicycle taken away from him, but I do insist that at the present time bicycles ridden by young children constitute a great menace.

I imagine most hon. members drive automobiles and have met with this problem. I do not need to give examples. I could say that only last week in my own constituency a horrible accident occurred resulting in the loss of two young lives. Apparently the question as to who was at fault is very much in doubt.

Only the other day when driving to Ottawa from Hull on the narrow interprovincial bridge a small boy who could not have been more than eight or nine years of age, and with an even smaller boy on the handlebars, was weaving in and out of traffic. Finally he fell off, and the smaller one with him. It was only by great good fortune that both of them were not killed instantly.

I do not think I need to say more on the subject, because any automobile driver knows exactly what I mean. In addition to the personal risk involving the loss of life of these young children, there is also the further fact that indirectly they cause other motor accidents. I am sure many hon. members have had occasion hastily to put on their brakes to avoid hitting a small child on a bicycle weaving in and out of traffic, or passing on

the wrong side. Sometimes these young children ride down the street three or four abreast. They cannot help being a menace to traffic, and also to themselves.

The statistical material—

Mr. Garson: I dislike very much raising a point of order, but I really believe the subject matter which my hon. friend is discussing is clearly not our concern here, unless his proposal would be that we should make it a crime for certain persons to ride a bicycle. Since we have the power to pass laws making certain acts crimes that is the way we would have to do it. However, I believe most provinces have municipal acts under which the municipalities are empowered to pass bylaws regulating the riding of bicycles. And it is much better that they should pass such laws, because there would be many municipalities in which bicycle traffic would represent no hazard at all, while in others it would represent a great hazard. Each municipality should have the law which best suits its needs. With all deference to my hon. friend, I do not think it is a matter which comes under our jurisdiction here.

Mr. Nesbitt: I quite agree with the minister, that there are other considerations of which account must be taken. But I do point out that legislation could be introduced by the minister which would make it a criminal offence for a person of, let us say, under fourteen or sixteen years of age to ride a bicycle. I am only advocating that the minister examine the subject thoroughly.

He has just brought up the interesting point that in the backwoods areas, where there might be little traffic, there is no menace presented either to the child riding the bicycle or to automobile drivers, but that the situation is quite different in the more heavily populated areas. I am bringing up the point so that it can be considered, as I thought I had made clear at the beginning of my remarks.

If the minister has no objection I shall take only a moment to conclude what I have to say, by placing on record certain statistical information which, I might add, is not of much help to us.

An hon. Member: Why give it, then?

Mr. Nesbitt: The statistical information is not of much help to us, and if a conference is held I would hope that the minister would try to obtain further information. I feel this is a very important subject.

Figures from the Canada Year Book indicate that in 1950 there were 55 persons killed while riding bicycles in Canada—and these figures are exclusive of Quebec. There appear to be no traffic figures available for that province. In 1951 there were 55 killed, and in 1952 there were 52. However, the figures for injuries are somewhat different. In 1950 there were 1,656 persons injured while riding bicycles in this country—again, exclusive of Quebec. In 1951 there were 1,673 and in 1952 there were 1,874, showing a steady increase.

There has been no breaking down of these figures into age groups and, as I said before, the figures do not include Quebec.

As I suggested earlier, perhaps the minister might look into the problem and discuss it with the attorneys general of the provinces. It would be a step toward the saving of young lives, would prevent injury and also prevent the snarling of traffic on our increasingly crowded highways and thoroughfares.

The Chairman: The hon. member for Kootenay West.

Mr. Herridge: Thank you, Mr. Chairman; I have been most patient. I had intended to talk on this item for two or three minutes about the Royal Canadian Mounted Police, but inasmuch as that subject has been discussed by several speakers, I shall make my remarks brief.

I might tell the minister that as a boy I had a very dim view of the Royal North West Mounted Police, as it was then known. I was in the woods fighting with a boy friend of mine, when a man who claimed to be a member of that force came along, arrested me and locked me up in the small wooden jail, in a room about 10 by 16. I was let out that evening and was thoroughly indignant, as you can understand.

A friend of ours owned a beautiful ranch, and lived within 10 miles of us. He had gone to Nelson for some time. This same self-styled police officer took another English settler out to that ranch, sold it to him, obtained his down payment and then left the district. Shortly thereafter we found he was not a member of the Royal North West Mounted Police, and naturally our opinion of the police force changed.

I listened with keen interest to what was said this afternoon by the hon. member for Vancouver East. I am sure those cases must be very few and far between. I know the minister will investigate thoroughly and give the results of the investigation to the house. I must say my experience for a good many years has been one of increased respect for the Royal Canadian Mounted Police. I have found them to be officers and men showing courtesy and tact. Since I was a boy I have known a number of inspectors, officers and members of the force. I served overseas with

some of them, and have always been very much impressed by their impartiality and the high grade of their work. In my opinion their efficiency, courtesy and fairness has been demonstrated in my district on several occasions.

A most difficult situation arose in connection with the transportation of the Japanese to the interior. Most of them came to the Kootenays. The matter was handled efficiently and with courtesy. Every consideration was given to human feelings, and every sympathy was shown for these unfortunate people who were moved into that district at that time. Then, during the policing of those camps, there was nothing but general commendation of the attitude of the officers and men in charge of that work. The most interesting illustration is the occasions when the R.C.M.P. have been called in to deal with the Sons of Freedom. I think that is a test of discipline, of efficiency, of tact and of great forbearance under extreme provocation. When you come to handle anywhere from 100 to 300 or 400 naked Sons of Freedom you have an unusual problem from a police point of view, and a problem which puts the police under such circumstances under great provocation. I have personal knowledge, Mr. Chairman, of the very efficient and humane way in which the R.C.MP. handled several very difficult and tantalizing situations.

Previous to the remarks of the speakers concerning the R.C.M.P. I had intended to rise principally to point out also that their fairness, their impartiality and their knowledge of their responsibility to the people of Canada as a whole was well demonstrated on April 28 of this year when two R.C.M.P. constables stopped General Foulkes in a car, in which was sitting the Minister of National Defence, because the car failed to have the necessary licence plates. I have heard appreciation of that action expressed by a number of people whom I have met since then and during the last week, as I have just returned from opening one of the most important airports in Canada. This action on the part of the two R.C.M.P. constables indicates very clearly to the Canadian people that neither rank, prestige nor position is a defence against the law. I think it also indicates very clearly that the civil power in this country, those forces that are given the duty to administer the law, are still supreme, and I would suggest to the minister, as it has been suggested to me by persons who have discussed the matter with me, that those two constables deserve commendation from their senior officers for their impartial attitude in such circumstances.

[Mr. Herridge.]

Mr. White (Middlesex East): Just before this item passes I should like to ask the minister two or three questions. Perhaps I could wait until the particular item comes up, but then I am always up against the proposition that I should have asked it before. Some weeks ago an item appeared in the London *Free Press* dealing with thievery at Camp Ipperwash. The item in the *Free Press* went on to state that civilians were stopped on the street of a town near Camp Ipperwash and that allegedly stolen goods were taken from those civilians right on the street. That seemed to me to be a rather unusual procedure. Since that time there has been a rather ominous silence as far as the newspapers are concerned. I have not heard anything more about it. Under what statute did the R.C.M.P. act in a case like that? What report, if any, has the minister regarding this alleged offence at Camp Ipperwash and the apprehension of civilians in those towns adjacent to the area? What action, if any, has been taken against the wrongdoers? Have any charges been laid? What happened in the matter? Personally, as far as I am concerned, from any experience that I have had with the Royal Canadian Mounted Police, their work has been efficiently done, and I am just bringing this up because of the interest many of my constituents have in the articles that appeared in the newspaper at that time.

Mr. Garson: What was the date of that seizure?

Mr. White (Middlesex East): I could not tell the minister but I will find it out for him.

Mr. Garson: If my hon. friend could get the date and particulars then I would have to make inquiries and find out what the basis was. There may have been a search warrant to seize these particular articles, but of course at the moment I do not know as to that. If my hon. friend will get the particulars I can find out for him.

Mr. White (Middlesex East): I shall be glad to do that.

Mr. Garson: While I am on my feet I might clear up two other points that were raised by the hon. member for New Westminster about moving the British Columbia penitentiary from New Westminster to Agassiz. The difficulty here is that it would cost at least $10 million to replace that same penitentiary in a new location, and the salvage value of the present plant would be practically nil except for the land. So, as I have already informed my hon. friend by letter,

the prospects of that sort of project being taken care of in the near future are not very great.

With regard to the Dale Carnegie course in British Columbia penitentiary, I wish to thank the hon. member for Vancouver East for the very complimentary and I think truthful testimonial he gave concerning it. He will be glad to know that in another one of our penitentiaries on the opposite end of Canada, the Dorchester penitentiary in New Brunswick, they have had two Dale Carnegie courses with very gratifying results.

Mr. Campbell: I have a question for the minister. Has the minister investigated the case of the thirteen-year-old boy who was incarcerated in the St. Vincent de Paul penitentiary about a year ago?

Mr. Garson: Yes, I did. I investigated it by writing to the solicitor general of the province of Quebec. If my hon. friend is interested I would be glad to show him, or read into the record if necessary, the solicitor general's explanation of it which we found to be, under all the circumstances, satisfactory.

Mr. Campbell: Is the boy still there?

Mr. Garson: Yes, he is still there and will remain, I am afraid. Perhaps I had better read this letter, which will explain the reason why he is still there. The commissioner of the penitentiaries came to me about this boy. He was very much disturbed, as I am sure anyone would be, that he had been presented to the penitentiary and was there. There was an irregularity with the warrant of commitment, and he refused to receive him on that account and turned him back. Of course that defective warrant could easily be cured, and in the meanwhile I telephoned to the solicitor general of Quebec. This is the letter I got back in reply. It is dated October 24, 1953, and addressed to myself from Quebec. The letter follows:

Dear Sir:—

Unfortunately, I did not get the information concerning the two cases about which you spoke to me over the phone yesterday on time to call you back yesterday afternoon. I tried to reach you this morning, and I understand that you will be at your office only on Monday. I take the liberty of writing you today, and I will call you again on Monday when, I hope, you will have this letter on hand.

The cases of these two young kids, in my opinion, should be treated differently.

First—

And then he gives the name which I do not think I should read into the record. I continue:

First—this young boy has been sentenced to two years in penitentiary on the 28th September, 1953, for assault. His record convinces me that he is a bad character, vicious, homosexual and that it is not possible to entertain any hopes for his rehabilitation in one of our reform institutions.

His father and mother are separated since nine years. The father lives in Montreal, and apparently does not take care of his son. The mother is a prostitute and of a very low character.

In 1948,—was placed in one of our protection schools at Levis. He was then charged with indecent assault. He escaped from that institution and continued to commit these assaults on other children, boys and girls, even with his young brother. On the 10th June, 1949, he was sentenced to five years to the reform school. From there, he went to an insane asylum to undergo treatments, and he went back home.

On the 9th December, 1952 he was again sentenced to reform school for theft, and went to our institution at Mont St. Antoine in Montreal, from where his mother succeeded to get him out on the 17th May 1953, in spite of the refusal of the director of the institution. Blank escaped and went as far as Saskatchewan from there he was brought back by the R.C.M.P. in August, 1953. He then re-entered the reform school at Mont St. Antoine. He escaped again from that institution and went back to Chicoutimi. Arrested in Quebec for vagrancy, he appeared before the juvenile court and was then interned in another reform institution from where he again escaped and he then went back to Chicoutimi where he committed an assault with bodily harm on the person of his grandmother. He was then sentenced to two years in penitentiary. It appears to me that there is no danger that the atmosphere of the penitentiary is liable to have a bad effect on his moral character. I would rather think that Blank may have a bad effect on those who are already there.

In this case, I do not think that the sentence should be disturbed. This boy is a danger for the community, and apparently our reform institutions for young boys do not succeed in preventing him from escaping.

Under the circumstances with a proper warrant it is pretty hard with our responsibilities to reject the custody of this young lad, although I am sure I express the views of all of us here that so far as our penitentiaries are concerned generally we would very much prefer not to have young people in them at all below an age much older than that of this young boy.

Mr. Diefenbaker: How many are there?

Mr. Garson: Not a very large number.

Mr. Nicholson: Was this the young lad about whom the hon. member for Burnaby-Coquitlam inquired?

Mr. Garson: Yes, I think that is the one.

Mr. Campbell: That does not sound the least bit like the boy that I saw in the penitentiary, and it does not compare with the report the officials of the penitentiary gave us when we were there. In fact, they told us that the boy had been sent there as a monster, but they took the opposite view. They said the boy was a nice boy, a good boy, and a well behaved boy.

An hon. Member: Perhaps they wanted to get rid of him.

Mr. Campbell: That is the report we received from the officials of the penitentiary. Perhaps they did not tell the whole story. Is the minister certain this is the 13-year-old boy? Or is there one besides the boy mentioned last spring? There is only one 13-year-old, as far as I know.

Mr. Garson: This is the boy in question.

Mr. Nicholson: I would like to corroborate what my colleague for The Battlefords has said, and I am sorry the minister has not a report from his own officials. Is this a report from the attorney general of the province?

Mr. Garson: No, not the attorney general, the solicitor general.

Mr. Nicholson: Well, I am sorry the minister has not a report from his officials at St. Vincent de Paul. Like the hon. member for Vancouver East, I spent one day in the penitentiary—a day at St. Vincent de Paul with some of my colleagues—

Mr. Fulton: Pity they did not lock the doors.

Mr. Nicholson: —and I am happy to say that I got out again. But while I am on my feet I would like to congratulate the minister on the splendid work being done at the federal training school and at the penitentiary too.

The St. Vincent de Paul penitentiary, built before confederation, was originally designed to hold 400 criminals and they now have 1,200 within its walls, so it is very crowded. The federal training school is designed to give these young chaps under 25 a new start in life and I would like to speak very highly of the personnel both in the penitentiary and in the federal training school. We visited both and I wish the minister would get a report from the officers of the federal training school where this 13-year-old lad is.

This young boy happens to be the same age as our son at home and I just cannot believe that he is the villain that this report indicates. I agree that the parents have had a very bad record, and it is my view that society should be judged for the environment in which this young boy has lived. Apparently he has done a lot of travelling, and I believe is threatened with t.b. While I was there he asked for the privilege of demonstrating his scooter to the visitors. The convicts at the training centre were playing volley ball in the recreation centre and this young lad came out with the scooter which had been presented to him by the officers and staff. He shot in and out among the players and appeared to be a likeable boy.

I think he is probably in a much better environment in the federal training centre where he has good food and friends who are trying to help him. It is their hope that they may be able to find a home for him. I wish some married couples in this country who have had the misfortune of not having children in their homes could see this young lad as we saw him there. He is a favourite with the members of the staff and they would like to see him given a better chance than the prospect of having to spend the rest of his life in the penitentiary.

I would ask the minister to get a report from the officers in the federal training centre on this particular case for I am sure that report would show a wide discrepancy compared with the report the minister put on the record.

Mr. Hansell: Mr. Chairman, I have listened with a good deal of interest to the various words of criticism and praise that have been applied to the R.C.M.P. and I am not going to make any extended remarks along that line.

I have a very high regard for the R.C.M.P. Those members of the force whom I have known and with whom I have had anything to do have been gentlemen and have attempted to do a real good job. I believe the historic tradition of the R.C.M.P. still lives on.

Of course, we have got to recognize that there is a difference in the constitutional make-up of all men and that includes policemen. You find some who are pretty abrupt and have perhaps the police complex, but you find others who are very courteous and chummy.

I recall on one occasion I was driving at night and suddenly in front of me I saw a flashlight going on and I thought I had better stop in case there had been an accident. I stopped and it was not long before an R.C.M.P. constable came up to my window. I pulled the glass down and he more or less bellowed into my ear, "Where is your driver's licence?" I was a little taken aback, but I held my composure a bit and I said, "Why, it is in my pocket." He said, "Let me see it," and I said, "Well, I will if you say 'please'." And that took him aback a little bit and I had a little more time in which to recompose myself. I said to him, "I will tell you what I will do. I will let you see my card and I will be pleased to show you my driver's licence if you ask nicely for it." I added, "There is such a thing as common courtesy."

I gave him my card with my name on it and he walked around my car and came back again and he was writing something down. I fancied he was writing down the licence number, and I put my car into low gear and began driving slowly away. Then I put it in second gear and it was not long until I was away. He never saw my driver's licence. I rather expected that I might receive a subpoena to appear in police court the next day, but I never received one. I just say that I do not think that is particularly characteristic of our R.C.M.P. However, there is a difference in their make-up. We cannot expect them to be smiling at all times although, when they have a little job to do, it is nice if they are pleasant. Mr. Chairman, I did not rise necessarily for the purpose of saying that, although I want to go on record as saying and believing that the R.C.M.P. for the most part are an extremely commendable force.

I rose particularly, Mr. Chairman, to bring to the attention of the minister something that I know he must be greatly concerned about. The background of what I have to say originates in the case of a young man who, not so long ago, committed a murder, was sent up for trial and was sentenced to be hanged. He was a young man just 18 years of age. Fortunately—I fancy fortunately; in some people's view, fortunately—the remission branch commuted his sentence to life imprisonment. The whole case caused a tremendous stir throughout this nation, particularly in the community in which the crime was committed and the trial was held. Much publicity was given to the case by press and radio, and I followed it with a good deal of interest. It seemed to me that the whole case was one involving what today we commonly term the problem of juvenile delinquency. I know that the minister has a tremendous job on his hands, but this matter is becoming a serious problem not only to this nation but also to other nations. I refer to this sort of hoodlum gang of teen-agers who seem to roam our streets and thrive on wickedness. I assert that they are no good to anyone and that they are really a blot on our society. The case I mentioned gave rise to a good deal of comment and a good deal of extremely sound editorial comment. I want to congratulate the press on their editorial comments. They brought out some fine suggestions and observations not merely with respect to the case itself but with respect to the whole matter of juvenile delinquency.

I have been greatly interested in this subject for a good many years because I have had some little experience in directing and running boys' summer camps; and I have taken a course or two in the study of youth and related subjects of that kind. I used to hold that there never was such a thing as a bad boy. But sometimes, in my problems, my mind would wander and I would begin to take a different position altogether and to conclude that there never was such a thing as a good boy. Be that as it may, Mr. Chairman, the basic problem of juvenile delinquency is there. We can talk all we like about punishment and about the punitive angle in relation to our criminal law and yet ignore the influences leading up to the crime that juvenile delinquency can be charged with.

There must be some basic reason for the problem. I know that the minister is just as greatly concerned about the problem as is anyone else. After all, he is responsible for the administration of justice throughout the country. Basically, I think the problem can be stated in this way. There is a disregard for the eternal concept which has been true throughout human history—the concept, in fact, that cannot be escaped—namely that a man is a responsible being, responsible to his fellow man and to his Creator and Judge. I have no use for this mollycoddling of young people whenever they do that which is wrong.

My friend the hon. member for Vancouver East stated this afternoon that he was glad to see that we were coming to a time when we were doing away with the punitive angle of our whole concept of administering justice in respect of crime. I do not know that I altogether agree with him in that particular statement. At least I am not glad. We may be getting away from the punitive principle in relation to crime. However, he did not state that at the same time crime was on the increase. I agree with him in a good deal that he said. I agree that in the rehabilitation of criminals there must be something more than simply punishment. However, I am still just old-fashioned enough to believe what Solomon said about sparing the rod and spoiling the child. Yet I am a family man and am extremely proud of my family and of the way they have turned out. However, that is neither here nor there.

I know the problem must give the minister some concern because we read in the papers not long ago what was said by a commissioner appointed, I believe, by the Quebec government. I think that is so, although the newspaper report does not say so. I will read it to the minister. It is headed "Too Many Youth in Penitentiaries" and reads as follows:

Too many Canadian teen-agers are being sent to prison, the federal penitentiaries commissioner says in his report for the year ended March 31 last.

Commissioner R. B. Gibson said in his report to parliament—

I fancy he means to the legislature.

An hon. Member: Parliament.

Mr. Hansell: Perhaps the minister will correct me there. The article continues:

—that, of the total penitentiary population on March 31, 564, or 11·4 per cent were under 21 years of age.

One boy of 13 was doing a term,—

That evidently is the one referred to a little while ago.

—seventeen others were under 16 and forty-eight were 16. Major General Gibson lamented the fact that so many Quebec youngsters were being sent to jail. "The continuing committal of youths of 14 to 18 is a matter of grave concern. Too many youths are being sent to the penitentiaries for lack of an adequate number of provincially operated reformatory institutions. Probation is not being used to the extent possible as an alternative to incarceration."

I read that because I know the minister must be concerned with the situation, but nevertheless I still maintain that the more important thing is that there must be influences leading up to the point where there is such a thing as juvenile delinquency. I know the minister's problem is one of administration of the law after crimes have been committed, and I am talking about something else for which I can hardly make him responsible.

The reason I rise on this occasion is to put forth something that is of tremendous interest to me, and I am just wondering if he has considered whether his administration can be correlated with other organizations throughout the country, municipal, provincial and so on, that are doing their best to obviate juvenile delinquency. What I have in mind is this. We have often heard the Minister of National Health and Welfare say that his department is very much concerned with preventive medicine. That is good. We often ask him what he is doing in connection with the health of the nation and he says that he is interested in preventive medicine. I think we should ask the Minister of Justice to what extent his department might be able to exercise influence in preventing crimes rather than spending so much time and energy in administering the law after crimes have been committed.

There are several matters that I think I might refer to under this head. Not so long ago Sir David Maxwell Fyfe, who is Britain's home secretary and is charged with enforcing the law and bringing criminals to justice, made a speech in which he gave a number of reasons for the phenomenal increase in crime during the last decade. He had this to say:

There used to be a feeling in regard to the ordinary unimportant aspects of life that when one did wrong it was an offence to God as well as an unpleasant thing to do. It is vitally important that there should be the recognition that crime is wrong in the moral sense and that punishment is deserved. This view is often absent from the minds of those who come before the courts.

The problem which most impresses me is this: Can we, in the second half of this lunatic twentieth century into which we have been born, make the spiritual stature of man at least approximately commensurate with the scientific advances for which he is responsible? If we can, the hopes of changing a mad century into a sane one are enormous.

The same gentleman, Sir David Maxwell Fyfe, said that there were perhaps four things that are responsible for juvenile delinquency in particular, and I know that the minister cannot control them. He said that the first one is the lack of parental control. I am afraid that he put his finger on a vital spot. I believe our parents have got to indicate to their children that when they do wrong punishment is sure. Personally I have no use for all this talk which I label a sort of quack psychology. The second cause to which he referred is the increasing problem of broken homes which contributes to juvenile delinquency. The report the minister read concerning the 13-year-old boy indicated that he has the background of a broken home. The third point, said Sir David Maxwell Fyfe, is that false values are propagated by motion pictures and the modern pulp literature. I want to dwell on that for a moment because here is where I believe the Minister of Justice and his department can be of some help.

I know they claim to have no jurisdiction over the censorship of motion pictures, but there is no question in my mind that motion pictures as they are shown on the screen today have a tremendous effect upon our juveniles. Television is now beginning to come into its own in Canada and if it is permitted to go to the same lengths in what it portrays I rather despair of the juveniles of the coming generation. If I had my way, Mr. Chairman, I would not permit a hold-up scene to be shown in a motion picture theatre. If I had my way I would not permit guns to be fired in any scene shown in a motion picture theatre. I would not permit murder to be shown. Neither would I permit a drinking scene. Some people may scorn that view—

Mr. Blackmore: But you are right just the same.

Mr. Hansell: —but the proof of the pudding is in what is happening. That is the proof. The modern motion picture is largely responsible for what youngsters learn about these things. When people are grown up and are mature, sensible and stable the situation may be a little different. Certain motion pictures are advertised as adult entertainment and some of the teen-agers

say: This is going to be juicy, we will go to see it. These are things that have to be faced, and I say that we must tackle this problem from the standpoint of the influences that lead up to the commission of crime.

We do not have to go very far from this building to see the results of the hoodlum gang. Go to some of the restaurants and drop in for a pot of tea at the time when young people are leaving the dance halls and the "pubs". I have done that. I like a pot of tea before going to bed, and I can tell you that on one or two occasions I actually have been frightened enough to leave the restaurant. On looking around outside I was not able to see a policeman anywhere. Perhaps they know what is happening and they are around the corner somewhere out of sight. You do not have to go far to see the results of what I call the hoodlum gang.

There is another cause responsible for juvenile delinquency, the lessening of the power of religion—

Mr. Blackmore: Hear, hear.

Mr. Hansell: —in the ordinary affairs of life. I do not say this because of my profession. I think it is common sense that if any boy—or girl—is brought up to believe that he is responsible to his fellow men and to his Creator, and that crime is punishable, and is taught to respect the great moral principles of life, he will have before him the greatest deterrent to crime that could be devised. However, I am afraid that is seriously lacking.

I am not going to talk tonight as though I were talking to a conference of preachers, because I know I am not. Believe me, if I were talking to a conference of preachers on this subject, I would give them hell.

Mr. Knowles: Order.

Mr. Hansell: I am rather hard on preachers. I believe they have a real job to do. There are too many soft soapers instead of facing right up to the real facts of life. There is too much mollycoddling of that which is wrong, and countenancing of that which is wrong by saying they do not mean any harm. Let us not kid ourselves.

Now, Mr. Chairman, those are some of the things which I believe are lacking in our social life today. I come now to the main point. I should like to ask what the government can do about it. Well, I think they could do a lot about it. I do not know that I want to focus the responsibility for this on the Minister of Justice. Perhaps he will say that is someone else's department. I believe that this government should bring into existence throughout this country great recreational institutions, parks, and so on. They could be put into operation with trained young people as leaders, men and women who are expert along that line. It is done in a very small and modified way by some municipalities, but I believe it could be done to a greater extent. There is need for youth leaders to go out and create in young people today a real regard for the moral principles of life.

The Deputy Chairman: I think the hon. member will agree with me that perhaps I am entitled at this time to ask him if he will please get back into the Department of Justice.

Mr. Hansell: Mr. Chairman, I fully agree with you, but I do not agree with those who applauded you. There is one other point I should like to mention. I do not know whether or not it is possible for the Department of Justice to introduce any particular law of this kind. They may say that it is outside their jurisdiction altogether. I am a great believer in the curfew. I am a great believer that young people should be home at a proper time. I am a great believer that the place of young people at night is in the home. Some of our smaller municipalities have the curfew, and I think it works well. I do not know whether the Minister of Justice agrees with that, but I should like to have some expression from him as to whether his department has seriously considered some method whereby they could synchronize their work with the various organizations throughout the country to curb, so far as possible, this thing which is becoming, as we must recognize, a menace to our social life and to our country; this thing we call juvenile delinquency. I feel the minister should answer that question and tell the committee just what he thinks can be done.

Mrs. Fairclough: I am sure many members of this house sitting here tonight must have been shocked, as I was, to hear some of the words which have just been spoken. I think it is a great pity that the vast majority of devoted and earnest clergymen in this country should have been maligned by an ex-colleague, whose associations have apparently been most unfortunate.

Item agreed to.

163. Remission service, including $10,000 for grants to recognized prisoners' aid societies, as may be approved by treasury board, $137,276.

Mr. Dinsdale: I notice there is provision in this item for $10,000 for grants to recognized prisoners' aid societies. Tonight I have been

listening with interest, in some cases, to a discussion of the situation prevailing within prisons and penitentiaries. Many tributes have been made to the improvements that have taken place in these institutions since the end of the war. I would agree heartily with those statements. It has been rather interesting to hear the several members confess their respective criminal records so far as contact with prison institutions is concerned; that is all to the good, I am sure, because open confession is good for the soul.

I, too, have some confession to make. I belong to the pre-Archambault report group of folk who were associated with prisons and penitentiaries in this country. I know that there is now a vast difference in the internal atmosphere as compared to the years 1938, 1939 and 1940, when I went in and out of several penal institutions in this country. I do not want to emphasize that particular aspect of the problem; that progress is excellent. I should like to say, however, that good institutional care is of little value unless some attention is given to the matter of after-care, the very crucial period in the experience of a prisoner when he is trying to re-establish contact with the community.

You can house him in a palace, you can subject him to all the remedial programs that there are in the book of modern penology, but unless something is done to soften the shock of readjustment to the outside world then there is great possibility that the improvement in conditions in the institutions will be wasted. We are all aware that particularly servicemen, who spent four or five years in some branch of the armed forces, had to pass through a rehabilitation program. Life in the services was so unique, cutting them off from regular society, that considerable sums of money were spent in helping the servicemen to readjust themselves to society.

I think the same problem faces the prisoner who has spent a period of time in one of the penal institutions. First of all, he becomes somewhat of an institutionalized personality who has been subjected to a more or less rigorous routine, and who has been suddenly projected into the outside world to fend for himself, and who often finds such adjustment very difficult indeed.

From my three years' active work in this field I found that the real problem of the prisoner begins after discharge. He is not too badly off when he is under institutional care. But upon release he faces for the first time the social stigma of being branded as someone who has served time. This confronts him first of all in hunting for a job. A good many prisoners find it almost impossible to re-establish themselves in civilian occupations, because as soon as their prison records become known to prospective employers, their chances of obtaining work are gone. I would point out that because of this stigma which attaches to penal servitude, even the Canadian civil service will not employ a discharged prisoner. I know that on many occasions we could not find employment for discharged prisoners in ordinary positions. This was in the early days of the war. We arranged a scheme whereby we contacted farmers out west who would accept responsibility for one of these discharged prisoners until such time as he could fend for himself in the labour market. In most cases the only chance of securing employment was where it was possible for the agency working in the field of prisoner rehabilitation to make contact with a sympathetic employer who understood the circumstances and was willing to co-operate in helping a prisoner make a successful readjustment to society.

There has been much comment this evening on the efficiency of the Royal Canadian Mounted Police. It is one of the finest police forces in the world; but I discovered that, although the situation is improving, sometimes municipal police were not too much in sympathy with the after-care problem of the discharged prisoner. If a crime occurred in a local area the municipal police would proceed immediately to investigate thoroughly any of the men in that area who had prison records, and would not be too careful in their approach to the matter. They would approach an employer and reveal that a particular employee had a criminal record, with the result that the employee again found himself foot-loose and fancy free.

This reference to recognized prisoners' aid societies provides an opportunity to discuss this very important problem. There has been some comment to the effect that in Canada we do not use the parole system as widely as possible. Certainly we do not use it to as great an extent as one finds in the United States or even in the United Kingdom. The experience in those countries has shown that wherever possible it is desirable to get prisoners out from under institutional care as quickly as possible, so that they may make a successful readjustment in their communities. Certainly there is no merit in prolonging the period of imprisonment within an institution. Today, when the emphasis is on the remedial rather than on the punitive aspect in the treatment of criminals, the desire is to get the criminal back into society so that he may fill a useful place in the community with his fellow citizens.

There are three private agencies operating in the field of prisoner after-care. They are the John Howard Society, the Elizabeth Fry Society, and the Salvation Army. I would be interested to know just how far the federal government goes in supporting the excellent work of these private agencies in this very important field. I repeat that the best institutions in the land, equipped with all modern techniques, psychiatrists, psychologists, work programs, and all the other aids, are of little avail unless we can overcome the problem that arises when the discharged prisoner comes in contact with society. It is not his performance in the prison institution with which we are concerned; it is his performance as a free citizen in the broader community.

Mr. Hansell: Mr. Chairman, I would like the minister to answer my question.

Mr. Garson: I am not sure whether I have properly comprehended the main point of my hon. friend's question, but I hope he will correct me if I have not done so. I understood him to be asking what we can do to prevent juvenile delinquency.

Mr. Hansell: To synchronize the work of your department with that of other organizations in Canada which are attempting to prevent juvenile delinquency.

Mr. Garson: So far as the rehabilitation of prisoners is concerned, we can do and we have been doing a great deal. When the prisoners enter a penitentiary they come in contact at once with a classification officer who is a trained psychologist and who, in relation to each one of them, makes out a card index record. He discusses with them their previous history, their family background and aptitudes. He prepares a study of their cases in the same way that a personnel officer does in a large and efficient industry. He keeps in periodical contact with each prisoner during his whole term in prison, and advises him as to the vocational training course he should take. He advises him as to the way in which he can rehabilitate himself after his discharge. He makes contacts with organizations such as the John Howard Society and the Salvation Army, which will provide the after-care about which the hon. member for Brandon spoke. In that way he assists the discharged prisoner to make a successful rehabilitation as an honest man in civilian life.

Our record is a very good one in the matter of the rehabilitation of prisoners who have been in our penitentiaries. The rate of recidivism from our institutions is very much lower than it is from any of the other institutions in Canada, and is improving all the time. But if my hon. friend is speaking about the prevention of juvenile delinquency and crime, the prevention of the coming of prisoners into the penitentiary in the first place, then I think he is dealing with a subject matter which, in almost all of its aspects, is the responsibility of the provinces. Take the matter of the curfew. We have no authority over that, likewise we have no authority over the censoring of the movies; we have no authority over the enforcement of the laws that we pass here with regard to crime comics or obscene literature. It was contemplated when our country was created that the federal government would have all those functions which deal with national matters—defence, banking and commerce and the money supply, the interest rate, interprovincial railway and highway traffic, interprovincial commerce, international affairs and the like. On the other hand all of those matters which related to the individual as a person, education, property and civil rights, and that sort of thing, all local institutions and controls come under the jurisdiction of the provincial governments and legislatures.

The only way in which we can assist in the prevention of crime where it originates in the local communities is by helping the provinces discharge their responsibilities by means of dominion-provincial tax agreements and other like arrangements. By these means we have tried to put every province in Canada in a position to provide a reasonable minimum service under all of those heads, if they wish to do so; but we have no direct contact with or direct responsibility for most of the influences that would have to do with the prevention of crime.

Some hon. Members: Ten o'clock.

Mr. Fulton: I do not want to hold up the item, but I want to say a word with relation to the staff of the remission service. In our association with the special committee on capital and corporal punishment, some of us, myself included, have come to realize—others may have already done so—the difficulties of the very important and hard-working branch of the department. I just want to say that I know the minister's difficulties in connection with the staff, particularly the senior staff of that branch. I should like to hear from him what steps are being taken to ensure that this branch and his department generally will be adequately staffed. I know he has difficulties in that regard which we can perhaps help him to overcome. I know the minister's department is rather short of staff at the moment.

The Deputy Chairman: Shall the item carry?

Mr. Fleming: Ten o'clock.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall begin with the Department of National Revenue, then the Department of the Secretary of State, fisheries, trade and commerce, defence production, legislation and the privy council.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

DEPARTMENT OF THE SECRETARY OF STATE

Special—

730. To provide for special expenditure in connection with a commission under the Inquiries Act to inquire into the working of the Patent Act, the Copyright Act, the Industrial Designs Act and other related legislation, $25,000.

DEPARTMENT OF JUSTICE

Department—

162. Departmental administration (including the former administration of justice—miscellaneous expenditure, including expenses of litigated matters), $427,600.

163. Remission service, including $10,000 for grants to recognized prisoners' aid societies, as may be approved by treasury board, $137,276.

HOUSE OF COMMONS

Friday, June 4, 1954

The house met at eleven o'clock.

HOUSE OF COMMONS

DISTINGUISHED VISITOR—EMPEROR HAILE SELASSIE OF ETHIOPIA

Mr. Speaker: This morning there occurs one of those very rare but indeed very happy occasions, when it is my privilege to draw the attention of the house to the presence in our gallery of a most distinguished visitor. I refer to His Imperial Majesty, Haile Selassie, Emperor of Ethiopia. I take it as a great honour to be able, in your name, to extend to him a most hearty welcome. If ever a man possessed the virtues of courage, perseverance and love of country, it is the Emperor of the ancient Kingdom of Ethiopia. We cannot but admire the statesman who, in the darkest hour, when the league of nations had unfortunately decided to recognize the conquest of Ethiopia, stoutly answered, "Whatever the world will do, my people will fight on until they have forced the invader from the country or are themselves exterminated."

From then on he worked hard and prepared himself for what was to come. He had refused to bow to brute force, and once more in the history of the world faith and honesty were to triumph. I need not recite all the events which took place but a few years ago, events which are well known by all of you. Yet, it may be useful to recall such great deeds for the benefit of those who will come after us.

It was on January 15, 1941, that Haile Selassie arrived in Ethiopia from his Sudan headquarters, and there unfurled his red, green and yellow banner, rallied around him some of his faithful warriors in a secret rendezvous, and inspired his subjects to raise their arms and join a gradually expanding army. A few months later he returned to the throne and in less than a year, with the help of the allies, his beloved country was again completely free and independent.

(Translation):

Having extended a most cordial welcome to His Majesty Haile Selassie I, Emperor of Ethiopia, to this parliament, in Ottawa, and recalled the virtues of faith and courage which have inspired his conduct in life, I would feel remiss in my duty were I not to associate my French-speaking colleagues in the tribute I have paid him on behalf of the members of this house.

(Text):

There is not much more to be said at this time, except perhaps to recall briefly that although geographically our countries may appear far distant, they are very close together in the way of understanding and fraternity. This becomes evident when we stop to think of the numerous Canadians now living in Ethiopia and helping to make of that great country a country greater still, of a deserving nation, a happy and prosperous nation.

To Your Majesty we express our thanks for coming to Canada, and our regret that your visit must be so short. When you leave us, you will carry with you, I assure you, the best wishes of the people of this country for you personally, and the members of your family, your parliament, and your valiant people.

DIVORCE JURISDICTION

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 470, to provide for the jurisdiction of the Exchequer Court of Canada in matters of divorce.

Some hon. Members: Explain.

Mr. Knowles: Mr. Speaker, this bill, as I indicated a few days ago, might be referred to as an act for the relief of parliament.

Motion agreed to and bill read the first time.

HOUSING

CENTRAL MORTGAGE AND HOUSING—REPORTED EVICTIONS IN WINDSOR AREA

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Acting Minister of Public Works. As it is based upon a wire I have just received, I have been unable to give notice. Has the acting minister any comment to make on the report today that Central Mortgage and Housing Corporation is serving eviction notices on unemployed tenants and home purchasers in the Windsor area?

Inquiries of the Ministry

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, the Acting Minister of Public Works has just handed me a telegram sent to the hon. member for Rosetown-Biggar (Mr. Coldwell). I am not aware of the situation, but I will make inquiry and report later.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT— REQUEST FOR TABLING OF ADDITIONAL CORRESPONDENCE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask a question of the Prime Minister in connection with an order for return passed on May 26 for the production of correspondence passing between the government of Canada and the government of Saskatchewan in connection with the South Saskatchewan river dam and irrigation project. In view of the fact that the government has now replied to a letter of the premier of Saskatchewan, would the Prime Minister consider tabling that letter and making it available?

Right Hon. L. S. St. Laurent (Prime Minister): The answer that the Minister of Agriculture (Mr. Gardiner) is preparing to a letter of April 28, I believe it is, of the premier of Saskatchewan, is under active consideration, and I hope that it will be dispatched within the next couple of days. A copy of it would be filed at the same time as the other correspondence.

BUSINESS OF THE HOUSE

CONSIDERATION OF AMENDMENTS TO POST OFFICE ACT AND MUNICIPAL GRANTS ACT

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to ask a question of the Prime Minister. Having informed us of measures coming forward, can he tell us when we may expect to see copies of amendments to the Post Office Act and the Municipal Grants Act, and also when we may expect to proceed with those two pieces of legislation which have been announced?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am under the impression that the amendment to the Post Office Act is now before the other house.

Mr. Harris: That is right.

Mr. St. Laurent: I think that is so. It will probably come here from the other house either today or very early next week. With respect to the other legislation—

Mr. Abbott: It is on the order paper, in the resolution stage.

[Mr. Drew.]

Mr. St. Laurent: The resolution is on the order paper, and will be called as soon as it can be reached conveniently.

Mr. Drew: Mr. Speaker, I would point out, on a question of privilege, that I feel it would be desirable to have some indication of when it will come forward, because the presence of that resolution on the order paper has prevented the introduction of other motions relating to this subject. I would like to have an assurance that we are proceeding with it, and some indication of when we may expect to do so.

Mr. Abbott: The resolution stands in my name. I will be happy to bring it before the house just as soon as it suits the convenience of the house. We seem to be making fairly rapid progress now in connection with the estimates, and if we can dispose of a few things, such as contempt of court, and one thing and another, in the next day or two, we may be able to bring it in.

Mr. Drew: Since this has to do with the proceedings in the house, may I point out that the suggestion that there is any delay in proceedings is not consistent with the practice of this house, and that we have reached a stage in the session when it will be highly desirable that we have information in regard to an act which affects many municipalities in this country, and also is covered by a resolution which has had the effect of preventing our introducing a resolution dealing with this subject in another form—which we have indicated we believe would be a more satisfactory procedure.

I think therefore the time is more than due for this to be dealt with, so that we can have the act before us, study its effectiveness and deal with it more satisfactorily when it comes up.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL REVENUE

The Chairman: We will proceed with item 295. May I inform hon. members that they will find the vote at page 43 of the blue book, and the details at page 360.

Customs and excise divisions—

295. General administration (including the former customs excise seizure expenses and adjustments), $2,822,515.

Mr. Macdonnell: Mr. Chairman, I understand that we are to deal specifically with the customs and excise divisions this morning, and that general remarks may be postponed. Does the minister propose to make a statement?

Hon. J. J. McCann (Minister of National Revenue): Mr. Chairman, by way of a brief explanation, I should like to speak for a moment or two on the estimates which are now before the committee.

These estimates cover the operation of the customs and excise division of the Department of National Revenue, consisting of the headquarters at Ottawa and their operative branches, consisting of some 232 ports and 104 outports situated throughout the country. As the committee is aware, this division is closely associated with the industry and commerce of the country through its control of imported goods and the collection of customs duties, as well as excise and sales taxes, and of the excise duties on alcohol and tobacco products. There is also a more pleasant association, at least from the importers' point of view, through the procedures for the refunds and drawbacks of duties and taxes remitted under certain conditions.

In addition to this relationship with industry and commerce from which, by the way, we derive by far our greatest customs and excise revenue, this division is concerned with a phase of work which is more familiar to the general travelling public, that of examining persons, motor vehicles, aircraft, trains and ships entering Canada.

A third phase of the division's activity is supervision under the Excise Act of those licensed establishments who manufacture or use alcohol or tobacco in the manufacture of their products.

In keeping with the general development of the country, more goods were imported into Canada in the fiscal year ending the 31st of March, 1954, than ever before, there being over 60,000 more import entries than in the fiscal year 1953, which reached an all-time high of 3,365,695 import entries. Again more vehicles than ever before travelled back and forth across our boundaries. In the fiscal year ending 1954, over thirteen and a half million vehicles, carrying returning Canadians and Americans, entered Canada, which was over 900,000 more than the fiscal year ending March 1953. In the calendar year ending 31st December, 1953, there were over one million more vehicles entering Canada than in the previous calendar year.

You will see in the estimates an increase in the number of positions and in the amount for salaries. This is directly related, over and above the general increase in civil service salaries, to the increasing amount of work which this division is called upon to perform. I should like to tell the committee that the staffing of our ports is rigidly controlled on a systematic basis, whereby the department can gauge very accurately the number of staff required at ports in relation to the amount of business which is presented to and processed through the port, the hours of service required for the general and importing public, and the number of points of duty which have to be manned by customs officials at international border points throughout Canada. I think the committee will agree with me that in this division, which is responsible for the collection of revenue, amounting to over $1,518 million in the fiscal year ended March 31, 1954, any arbitrary method of staff restriction which is not realistically geared to the actual facts could result in a loss of revenue, if by physical inability, inadequate customs and excise examination and supervision resulted.

The estimates as tabled before you show an increase of $2,643,131, but 95 per cent of this is accounted for by salaries and wages, the remainder being made up of such things as law and other costs, uniforms, telephone, telegraph, teletype costs, and so forth.

At the same time there is a decrease of $86,400 in vote 298, construction or acquisition of buildings, works, land and new equipment over last year's estimates.

I shall be pleased to answer any questions from the committee concerning these estimates.

Mr. Macdonnell: I have listened with interest to the recital by the minister of the mounting activity, accompanied of course by the mounting work, and I have also listened with interest to his explanation that the additional amount being expended is nearly all salary increases.

I was surprised that the minister said nothing about one aspect of the work which seemed to me important, and which I thought he would refer to because of the legislation which was passed in December last. I refer of course to the amendment of the Customs Act, which proposed to deal with dumping. I should like to recall to the minister one or two of the things which he said in December last. I should like to recall that he and others stressed that this was not a tariff measure, that it was a measure of law enforcement; and I wish that could be said loudly enough so that some people of the baser sort would not insist, as soon as anyone speaks about the enforcement of the tariff law, that he at once becomes a high-as-Haman's-gallows tariff man. It was made very clear in this debate on both sides of the house that what we were attempting was the enforcement of law. I propose to ask the minister to give us something in the nature of a progress report on the act and its effects, on the steps which have been

taken to make it effective, and on the results. I should like to remind the minister briefly of one or two things which he said in December last, as reported at page 674 of *Hansard* as follows:

> This revision of the law is designed to help meet the difficulties arising from end of season and end of line imports which are dumped into Canada at abnormally low prices.

He also said:

> I should make it clear to the house that the proposed amendment is fully consistent with our international obligations.

Everyone will agree that the progress of events since that time, the existence of substantial unemployment, the manifest difficulties which certain industries are finding, and in general the whole trend of business from a seller's to a buyer's market justifies us in asking the minister to explain in more detail what steps have been taken to make the enforcement satisfactory, and just what the results are.

Last autumn the minister explained that calculations of prices relevant to the operation of the act would have to be made over a period of months. At page 977 of *Hansard* he referred to the training which would have to be given. I understand that certain special procedures were contemplated. I wonder whether the minister would now make a general statement, which I suggest should include first of all whatever changes of method, including staff, have been carried into effect and second, just what results, if any, he feels have been achieved. I might say I understand that general comments which would ordinarily be made on the first item are, in this case, being reserved until later.

Mr. Gillis: Before the minister makes that statement I should like to say this. I have to go out to a committee, and I wish the minister would include something on this point. The Minister of Finance has a bill on the order paper to amend the customs tariff. In schedule B of that bill it is indicated there is to be a change with respect to goods on which there is a drawback; that the drawback is to be removed. I wish the minister would explain whether that has reference to coal imported from the United States and used for metallurgical purposes? That coal now is subject to a drawback which practically wipes out the 50-cent tariff on it. Will the minister clarify the point as to whether it refers to that particular import?

The Chairman: I just noticed that the hon. member for Greenwood, after making some remarks which I considered were somewhat general, and which would ordinarily take place in the general discussion on the first item, indicated that the general discussion might take place on a later item. I have not been informed of any such arrangement. It would of course be in the hands of the committee if such an arrangement were entered into. Might I be informed of the intention in that regard?

Mr. Harris: The hon. member for Greenwood has correctly stated the situation. In order to arrange the business of the house it was found convenient to have the debate on this matter take place at a more convenient time later so that the matters which required question and answer could be dealt with now, and then at a later time one could make the general observations that he wished to make.

The Chairman: Is that agreeable to the committee?

Some hon. Members: Agreed.

Mr. McCann: If I may, I would answer the question of the hon. member for Cape Breton South having to do with the matter of drawback at this time. That has gone through the resolution stage and of course will be in the bill presented by the Minister of Finance. I suggest it would be better if his question were brought up again when the bill of the Minister of Finance is before the committee. It is really a matter of settling policy.

I should like to draw to the attention of the committee that the Department of National Revenue is an administration department entirely. When the statutes are handed to us we do the best we can to administer them according to law.

Mr. Gillis: Thank you.

Mr. McCann: With reference to the other matter brought up by the hon. member for Greenwood, this of course has reference to the change that was made in December last, in this session, in the Customs Act whereby the valuation for duty purposes was changed. Subsection 6 was added to section 35 of the act, which attempted to deal with a particular problem that presented itself at that time, and probably to a certain extent continues to come before us and will continue to come before us for some time. The amendment at that time was to this effect:

> (6) Notwithstanding anything in this act, where the market price of any manufactured goods in the country of export—

I would draw the committee's attention particularly to that last sentence. It continues:

> —has, as the result of the advance of the season or the marketing period, declined to levels that do not reflect in the opinion of the minister their normal price, the value for duty shall be the amount determined and declared by the minister

to be the average price, weighted as to quantity, at which the like or similar goods were sold for consumption in the country of export during a reasonable period, not exceeding six months, immediately preceding the date of shipment of the goods to Canada.

I think I should perhaps read the rest of the instructions which were given to our officers in an attempt to carry out this provision of the act:

To give effect to the purpose of this amendment, collectors, appraisers, and any officer acting as appraiser, are instructed to closely scrutinize the invoice values of all manufactured goods, comparing such values with home market values shown and certified on previous importations of similar goods by the same or other importer. In any case where invoice values indicate price decline, such as is contemplated by the foregoing valuation provision, or the values appear abnormally low, the importer is to be advised that the entry may be subject to amendment in accordance therewith. The invoice is to be forwarded to the department with as full information as possible and the reasons for believing that the value shown is below the normal value, in order that the matter may be inquired into and the value for duty established as provided for by the new subsection of section 35.

This instruction was also issued to our collectors:

For the purpose of administration of section 35(6) of the Customs Act, referred to on page 1-44 of the book of instructions to port officers—

We send out instructions to all port officers as to how they are to carry out the law.

—importers are to be instructed to advise their suppliers that customs invoices covering manufactured goods of the type contemplated by this section will require to show, in addition to the usual fair market value and selling price data, the highest price at which like or similar goods were sold and delivered for home consumption during the six months immediately preceding the date of shipment to Canada. Typical of the goods which might be affected by this section are style fabrics, dresses, textiles, shoes and purses; refrigerators; automobiles. This list is illustrative only and is by no means exhaustive; and officers should use their own judgment in determining whether other goods are affected at their individual ports.

Mr. Macdonnell: What was the date of that report?

Mr. McCann: These were the instructions given outlining the method by which we attempted to put this section of the act into effect.

Mr. Macdonnell: But what was the date?

Mr. McCann: One was dated February 26, 1954, and the other, issued on December 7, 1953, was issued just after the act was amended.

That will give hon. members some understanding of the action that has been taken by the department to implement this amendment to the act. I am sure we are all interested in the results of that action. While we can give some definite result, I would suggest to the committee that it is impossible for anyone to determine to what extent importers have been deterred from making importations into Canada of those goods so affected because of the fact that they would not know at that time just what the amount of the invoice would be. Therefore, I cannot say to what extent this has affected importations. I simply do not know, and I suggest it is hard for anyone to make an accurate estimate.

However, the method we have followed is to send appraisers to other countries which were disposed to export end of the line or end of season goods to this country, and appraisals are made of the prices and of the range of prices for six months previous to the time of export.

Our figures in that connection show that the average weighted price over the period has not been far off the initial price at which that type of goods has, in the first instance, been sold to the people in the country where they were manufactured, and that if exported to this country it closely approximated the price in the first instance.

That applies to a variety of goods and we have a wide quantity with reference to printed piece goods; model 82 refrigerators; model L3 refrigerators; model 105 refrigerators; embossed cotton piece goods; again, refrigerators of different types; more cotton piece goods, which include a long list now under investigation. That list includes drapery fabrics, drapes, shirting, denims, corduroy, synthetic piece goods, cotton piece goods, upholstery, floor coverings, plush fabrics, and here I am giving only a partial list to indicate the cases which are still under investigation and have not yet been included.

Mr. Macdonnell: Could the minister give us the values involved, roughly?

Mr. McCann: Yes, I could give the values in some of these instances. For example, and going back over the imports, clothing and wearing apparel made from woven fabrics, women's and children's dresses made wholly from cotton, and giving the number of pieces, in the month of January 1953, there were 45,330 pieces valued at $107,000—

Mr. Macdonnell: Would the minister permit a question? What I am trying to get at is the amount involved in the report which you have received and which, as I understand it, you are now investigating. I want to know whether we can fully assess the material results of the act.

Mr. McCann: Do you wish to have the total amount in a definite period?

Mr. Macdonnell: Yes, I think that would show—

Mr. Nicholson: Mr. Chairman, on a point of order. I cannot hear too well down here in this corner, but my understanding was that this first item was to be allowed to stand. Could we have an explanation as to whether a decision was made in that regard? I do not see any point in proceeding with this discussion if the item is to be allowed to stand.

The Chairman: As I understand it, there was an agreement reached to the effect that the items be subject to question and answer and that the general discussion would take place on a later item.

Mr. Nicholson: Well, Mr. Chairman, if we are not going to carry the item at this stage, I do not see any point in continuing with this discussion. We hear a good deal about extravagance and waste, and it was announced last night that we would be going ahead at eleven o'clock. The officials who are here today are men who have a very pressing responsibility and I do not think it is fair to have them here over a long discussion. I wonder if that matter could be cleared up.

The Chairman: My understanding is that the item will be carried when the questioning is completed, but that the general discussion which would ordinarily take place on this item will be deferred. I think perhaps one thing which might conveniently be resolved at this time is the item on which a general discussion will take place. I should think hon. members would wish to know with some certainty when the general discussion will take place.

Mr. Nicholson: As long as there is an understanding that we are not going to spend the whole morning or the day and then have this item stand, and as long as we know whether we are to have the discussion on the first item or not, I will be satisfied. Will the leader of the house indicate what the decision was? Is this item to stand after we have spent some time on it or is it to carry after we are through discussing it?

Mr. Harris: My understanding was that we would proceed with the questions and answers so that information could be obtained, and that if hon. members then chose to have an extended general debate on customs, it could be deferred. It does not really matter what item is used for the general discussion. I would give the assurance there could be one. But I took it that rather than having at the moment extended speeches of a general nature with respect to customs matters, an effort would be made to ascertain, with the officials present, information which could perhaps be the basis of a later general discussion.

Mr. Drew: There is one feature of this situation that I think has been causing a great deal of concern to many of the members of the House of Commons, and not only to those on this side of the chamber. As has already been pointed out by the hon. member for Greenwood, the question of the level of the tariff is not at the moment in any way at issue in this discussion. Unfortunately there are those who seek to confuse the public mind—and I regret to say that they do so deliberately—by the suggestion that any comments about the appropriate application of anti-dumping legislation is an expression of a high-tariff policy.

Let us in the first place recognize the fact that this government has continued the policy of tariffs—and in some cases substantial tariffs—but that the question of tariffs is not the one before us. This party has indicated its belief in Canada's ability to proceed as effectively and as efficiently, with a proper level of taxation, as any people can under comparable conditions. We are dealing now with something quite different from the long-debated question of high or low tariff, a subject which has not been before us for discussion in the present session or in recent sessions.

An hon. Member: Question.

Mr. Drew: Mr. Chairman, I just heard an impatient interjection of "question" by someone who is not anxious to listen to any discussion of business now before this committee.

Mr. Harris: Mr. Chairman, I rise on a point of order. I just finished outlining the understanding between our own members and hon. members of the party of the Leader of the Opposition. The remarks which the Leader of the Opposition is now making are completely out of order with respect to that understanding and I wish to give notice that the understanding is ended.

Mr. Drew: Mr. Chairman, the understanding is ended in a complete misapprehension and in a most unfair manner. What I am dealing with is entirely on all fours with the understanding. I am coming to the suggestion that has been made outside of this chamber—and even by members in it on the other side—that these discussions on anti-dumping legislation had to do with principles relating to tariffs. I am dealing with the

question of anti-dumping legislation and I understood that was the subject before us. Unless I have misunderstood the situation, it is my purpose to proceed to discuss the effect of the anti-dumping legislation. I resent any suggestion that there has been the slightest breach of any understanding that existed with regard to the transaction of business in this chamber.

Mr. Harris: Mr. Chairman, I am sure the Leader of the Opposition heard me say twice that the understanding was that we would have the question-and-answer period and not have the general discussion. Both from what the Leader of the Opposition was saying before I interrupted and from what he has said since then, I gather that he proposes to make general remarks with respect to anti-dumping legislation.

Mr. Drew: No; that is not correct.

Mr. Harris: If that is not correct, I myself am under a misapprehension. However, I am sure that had he proceeded much further I would have had to say, on behalf of hon. members, that they should be at liberty to make the type of statement that he is making; and that would abrogate the understanding.

Mr. Knowles: Where is the understanding now?

An hon. Member: Let us have questions.

Mr. Drew: Mr. Chairman, there can at no time be too great a rigidity in the procedure by which questions or other matters are put before this chamber; otherwise the whole procedure in parliament becomes a farce. I was anticipating what may be said. I now direct a question to the minister as to whether, in view of what I have said, it is not correct that the announcement today by Rhys M. Sale, president of the Ford Motor Company of Canada, with regard to the lay-off of 6,650 men in the Ford plant in Windsor alone is not a question directly related to the application of these anti-dumping provisions and whether also the further lay-off of 2,700 employees at the Ford plant in Oakville—oh, no; I am just reading the dispatch that has been handed to me—the 6,650 employees are at the Windsor and Oakville plants.

Mr. McCann: Is the Leader of the Opposition suggesting that automobiles are being dumped into this country?

Mr. Drew: I am asking the question whether any inquiry has been made as to the situation resulting from the possible importation into this country of automobiles of different types, not only from the United States but from other countries, and its possible application to this situation. I do so in view of the fact that we were led to believe that automobile production was at its highest level and we are now told that there is going to be a cut-back of at least 15 per cent this year, with extremely serious consequences to employment in the automobile industry.

An hon. Member: Building up British trade.

Mr. McCann: Mr. Chairman, there is no evidence at all that we know of that automobiles are being dumped into this country. I suggest again that this is neither the place nor the time for the consideration of the policy. Our department is entirely administrative. I must insist that if there are questions with reference to the administration we shall be glad to attempt to answer them. If hon. members want to deal with policy with reference to trade and imports coming into this country, all well and good; that matter can be discussed on the estimates of the Minister of Finance. I am not here to answer his questions.

Mr. Knowles: Not yet.

Mr. McCann: Not yet; and I hope I may continue to say "not yet". Our department is the administrative arm of the government with respect to customs, excise and taxation. I am not supposed to be here to answer questions upon the subject of what the policy of the government is. The proper person to address those questions to is the Minister of Finance.

I will attempt to go back to the hon. member for Greenwood and give him the results of the application of the policy and how those compare with a year ago. That is the point at which this other discussion was interjected. I want to say that importations for the first four months, were as follows, with reference to what I said before, of clothing, wearing apparel made from woven fabrics, cotton dresses, women's and children's. Those are the big items. For each month I could give the number of pieces, the value for duty in our country, and the comparative value as between the month of January, 1954, and the month of January, 1953.

Mr. Macdonnell: May I ask the minister—

Mr. McCann: Excuse me a minute. Of that particular type of material 23,514 pieces were imported in 1954 as against 45,380 pieces valued at $107,000. The price in January, 1954 was $2.35 per piece compared with a price of $2.38 when the valuation for duty purposes section went into effect. In February the value per piece is $2.54—this is the invoice for duty purposes—compared with $2.14, for March $2.96 compared with $2.38, for April $3.35 per piece compared with $2.97.

You understand the significance of that. It means that in the last instance the value for duty purposes per piece was $3.35 compared with $2.97. These figures indicate to me at least that the value of these invoices per piece went up to $3.35 from $2.97, a difference of 38 cents per piece. When an invoice comes in and, by reason of our investigations, it is changed from X dollars and a different value is put on it up to $3.35 and duty is paid on that, that certainly must be a deterrent to importers to bring end of the season and end of the line goods into this country, and our manufacturers would have the advantage of that increase in price.

Mr. Drew: I assure the hon. member and the minister that I have no desire whatever to introduce any heat or acrimony into this discussion of the estimates. I was under the impression that the questions that have been asked by the hon. member for Greenwood, and the points that have been put forward were entirely within the understanding that had been discussed, and the hon. member for Greenwood had referred to this question of tariff as a necessary protection to the interpretation that is sometimes placed on the discussion of this matter. I am raising something that has only been brought to my attention within the last few minutes which has to do with what appears to be a very serious situation developing in the automobile industry. I would point out that if there is some other place within these estimates where this should be discussed I am prepared to discuss it then.

I was under the impression, however, that the administration of this act is under the minister, and that if, for instance, there were to be an inquiry into the situation in the automobile industry similar to that which is to be conducted with respect to the textile industry, it would be appropriate to place that suggestion before the minister whose estimates are now before us. If I am incorrect in that, I am prepared to put it forward otherwise, but if the hon. member has had an opportunity to read the announcement that just came over the wire a short time ago he will know that the president of the Ford company has announced that, contrary to earlier expectations, a drop in production—

Mr. Nicholson: On a point of order, I wonder whether all hon. members will be permitted to take part in a discussion of the very serious unemployment situation that is developing. I am sure a number of members in this group would like to take part in such a discussion if it is in order.

Mr. Drew: Mr. Chairman, this is the house of parliament and it is the duty of parliament at the earliest appropriate moment to deal with matters of importance. This is something that will very seriously affect not only Windsor and Oakville but all other communities supplying the various parts of these automobiles. It is an entirely unexpected development, and I submit it is the duty of parliament to place the facts before those who have a substantial measure of responsibility in this matter at the first opportunity. I will simply ask the minister if it is not so that it would be within his power to order an inquiry in relation to the application of the anti-dumping measures administered by his department similar to that which is to be conducted with respect to the textile industry.

Mr. McCann: Of course I think the Leader of the Opposition knows that it is not within my power to instigate any such investigation. To date there is no evidence that this condition of unemployment in Windsor and the releasing of a number of employees there has anything whatever to do with the importation of automobiles into Canada either whole or in parts. I heard the announcement over the radio, and apart from that I know nothing about it. My understanding is that the lay-off is for a short period of time and it may be due to changes in design or patterns or some part of the establishment being held up. I think that it is probably due to lack of consumer buying. I have heard that there is a war on between the Ford people and General Motors and that they have large inventories of stocks. Therefore I would not be a bit surprised that probably as the result of increased inventories it has been necessary for them to take this step. But at this time I can assure the hon. member that it has nothing to do with dumping into this country.

Mr. Knowles: Would the minister permit one question? Did he not hear the whole of the radio news item—

Mr. McCann: No, I did not.

Mr. Knowles: —which was to the effect that only a portion of the lay-off is temporary and a large portion is not.

Mr. McCann: I did not hear the whole thing.

Mr. Macdonnell: The minister's figures of recent prices compared, I understand, with those of last December seem to indicate a rather satisfactory situation, that is to say, that from the point of view of the customs administration the prices for duty purposes are now somewhat higher. But I should like to get at this point. Could we get figures showing comparative prices some months earlier? Furthermore, and this is particularly what I want to get, how many reports have

been received in response to the two directives which were sent out? It seems to me that would give us an indication as to how large a situation there was requiring treatment.

Mr. McCann: I am unable to give the exact number of reports that have been received but it must have been very considerable because I have given the answer with respect to where action has been taken and I have given information as to the great number of cases that are under investigation at the present time. This does not mean that delivery of these goods is not made to the importer or buyer. We reserve the right to reconsider and reassess the amount of duty that shall be paid. That means that with respect to these items and commodities under investigation the final determination has not been made of the amount that shall be paid on the invoices because the invoices may be reappraised and corrected.

Mr. Macdonnell: I am not asking the minister for an exact detailed figure but surely he can indicate to me whether they have received scores of reports or hundreds of reports. I merely want a rough figure.

Mr. McCann: All over the country it would run into hundreds of reports from the different ports.

Mr. Macdonnell: So that you have the situation of hundreds of reports coming in indicating a situation which requires the consideration of the department under the terms of the act of last December.

Mr. McCann: That is right.

Mr. Macdonnell: You have these cases under review now.

Mr. McCann: Yes.

Mr. Macdonnell: Last December, when the matter was under debate in the house, the minister gave us a good deal of information as to how typical prices in the United States were arrived at. Was I correct in understanding then that the organization for finding those prices was going to be set up?

Mr. McCann: That is right. It has been.

Mr. Macdonnell: Would the minister say a bit more about that? While I am on my feet, I have one other question. I think he spoke about four countries being involved. Am I correct? I thought I heard that somewhere in the minister's statement. Well, I abandon that and I would ask the minister to give me further information as to the method of organization to make the situation more shipshape and watertight.

Mr. McCann: I might indicate to the hon. member for Greenwood that since December we have taken on 26 additional appraisers. These people are delegated from here to examine into exporters' prices, and are operating from here in the United States.

Mr. Macdonnell: Are these officials all in the United States?

Mr. McCann: No, not all in the United States at the one time.

Mr. Macdonnell: Where else?

Mr. McCann: Some of them are in the United Kingdom. We are communicating with some other people with a view to having appraisers accepted in their countries. You just cannot walk in, you know, and send an appraiser into a country that is exporting something into Canada, then have him investigate prices in the country of origin. There has to be negotiation with these countries, and as the need arises we do that. Presently, our people are in the United States and Great Britain principally because they are the biggest exporters to this country.

Mr. Knowles: The minister indicated that investigations were being made—under the provisions of the statute that has been under discussion—into a number of lines. As I listened to the list, it seemed to consist mainly of textiles and clothing items, but he referred also to refrigerators. Could he say what kind of refrigerators he had in mind? Could he say whether any other items of household equipment, such as stoves, furnaces and so on are under investigation?

When he answers those questions, could he say something as to the effect on Canadian importers which might arise from the knowledge that duties on these imports could be increased several months after the goods have been brought into the country? There are those who suggest that this is having a deterring effect on the importation of such goods as household equipment.

Mr. McCann: In answer to the hon. member's question, I am informed that the type of refrigerators that have been imported are mostly household refrigerators. There have not been many other articles of household effects.

Mr. Knowles: I mean are they electrical, ice or gas or all three?

Mr. McCann: It is hard to answer what particular type, whether they have been electric, ice or gas. They would all be subject to the dumping duty if they were end of the line or seasonal stuff that were being shipped into Canada. So far as the type goes, the

list only indicates the different models. There are a lot of different models, and I presume the model means the size.

So far as the application of the dumping duty is concerned, the department administers it with due care and reason. So far we have had no complaints from the importers because of delay or because of the unfair application of this valuation for duty purposes.

Mr. Knowles: I suppose, however, the department would not know whether any importers were refraining from trying to import because of the fear of what would happen.

Mr. McCann: No, I emphasized that at the start. There is no one who can determine how many importers have been deterred from making importations by reason of the application of this section.

Mr. Knowles: I realize that it is a point on which statistics would not be available. There are some of us who fear that that is what is happening. There is another subject, Mr. Chairman, I want to ask questions about, but if the hon. member for Victoria-Carleton has a question in the same field, I shall yield and come back to this later.

Mr. Montgomery: My question is related to the administration of this amendment.

Mr. Knowles: Go ahead.

Mr. Montgomery: I am not quite clear, and perhaps the minister could make it more plain, who instigates this action to increase this duty. Is it the department on its own initiative that gives instructions to the customs collectors at points of entry or does the department just act when a request is received from an industry? For instance, you raised the duty on these textile goods, and it went up from month to month. Who instigated that? Was it your customs men at the border who took action as the goods came through or was this done at the request of an industry? I should like that cleared up.

Mr. McCann: I am sure that if the hon. member is conversant with what has happened within the last few months he will know that public demand and governmental action brought about the amendment. This parliament passed it, and that was the start of it. We, as administrators, through our appraisers put into effect the application of the amendment. We did not instigate it, we applied it. Does that answer your question?

Mr. Montgomery: I am afraid I am not making myself clear. I readily understand that the act was amended as the result of the demands of industry generally. The point I have in mind is this. Suppose I go to the United States and buy some article, such as a refrigerator, a radio or piece of household furniture. I bring it to the border. Is it the duty of the customs inspector, regardless of whether the article is listed on that list, to check the price and raise the invoice? Who is going to decide whether the invoice should be raised at the border?

Mr. McCann: That is what our appraisers are there for. That is what we are paying our good money to them for, to appraise these goods at the price—

Mr. Knowles: Is it good money?

Mr. McCann: It is the very best; none of this new stuff. Perhaps the hon. member was not here at the time I read the instructions giving effect to this amendment. Collectors, appraisers and any officers acting as appraisers are instructed to closely scrutinize the invoice value of all manufactured goods and compare such values with the home market values shown and certified by previous importations. They have a pattern there to follow. What would a refrigerator like this be invoiced at a month ago? They can look that up. Why would this one be invoiced at $25 less, even if you brought it to the border yourself. We compare it and put up the valuation, and you pay the duty on that increased value.

Mr. Montgomery: I want to go a step farther now; that is not the end of it. Then these appraisers that you have are sent to the country of export to investigate and ascertain if this price that has been arbitrarily set at the border is fair and reasonable?

Mr. McCann: No. The point is this: Is the value at which they are exported the fair and reasonable value, comparable to the price at which they have been selling in their own country, under comparable conditions? But if at the end of a season they want to dump 10,000 manufactured articles into this country, or so many thousand yards of end of the season or end of the line, we say, "No, you cannot do that unless you invoice them at a value based on the weighted index of what you have been selling them for in your own country for the last six months, prior to this export".

Mr. Montgomery: How does the collector at the border know that these goods I am bringing in are end of the line goods?

Mr. McCann: He does not know. But here is the further instruction:

> The invoice is to be forwarded to the department with as full information as possible of the reasons for believing that the value shown is below the normal value in order that the matter may be inquired into and the value for duty established, as provided by the new sub-section (6) of section 35.

Mr. Montgomery: I thank the minister for being patient with me. But in those instructions I heard him read there is no mention of end of the season.

Mr. McCann: You have to read the instructions in conjunction with the section of the act.

Mr. Nickle: The minister has referred to differentials in prices for the various months of 1953 and 1954. Those prices, I presume, are the appraised prices for duty purposes, are they?

Mr. McCann: These are the declared prices on their invoices, by the importer.

Mr. Nickle: These are the invoiced prices, not the appraised prices?

Mr. McCann: No, not the appraised prices; they are the declared prices.

Mr. Nickle: Could the minister give us an indication in respect of the piece goods to which he has referred as to the final appraised price for duty purposes placed on these particular items by his department?

Mr. McCann: I do not know that we can give that information to the hon. member, because we must always be careful not to disclose the business of individuals or firms to the public.

Mr. Nickle: The minister has indicated that the invoiced prices on a particular item is a certain amount. Is he giving away any more information there than he would be giving away if he gave us the price for that same item established by his department for duty purposes? In other words, how big a spread is there between the invoiced price and the appraised price for duty purposes?

Mr. McCann: It would vary from item to item. But the indication I have given is that in April a year ago, let us say, the price was $2.97 and now it is $3.35. So that you have that invoice jacked up to the extent of 38 cents per piece. And the percentage of that would be about 10 per cent above the price at which similar goods would have been invoiced, and were invoiced, in April a year ago.

Mr. Nickle: We have a spread here from $2.97 to $3.35. That $3.35 price which the minister mentioned a minute ago was the invoiced price. In other words, the invoiced price, the actual cost of the goods in the country of origin, has increased in the last year; is that correct?

Mr. McCann: That is correct.

Mr. Nickle: On this particular item the invoice now is $3.35. What is the appraised price for duty purposes placed on that particular item?

Mr. McCann: This would be the appraised price, too, in this instance.

Mr. Nickle: What would be the invoiced price, the actual cost of these goods in the country of origin?

Mr. McCann: That would not make much difference to us, because it would be on a percentage basis. We would compare the invoiced price with the actual average price for six months in the home market.

Mr. Nickle: From the minister's own statement the cost of these particular items, these piece goods, has gone up in the last year. Yet, presumably, a higher rate of duty is being applied against them through the application of this anti-dumping legislation. I was perhaps under a misapprehension that the price had somehow taken a big slide or slump in the last year, and that the goods were being dumped into Canada at prices considerably below the prices charged for the same items a year ago. Yet, according to the minister's statement, we have the invoiced price substantially increased, and now subject to a still higher rate of duty, through the application of the anti-dumping provision.

Mr. McCann: The whole point I attempted to make in giving these figures was that the legislation of December has had some effect in bringing the price up to a level that would represent a fair market value of the goods in question, as against the dumping price. So we have a price of $3.35 as against what you might call the dumping price of $2.97.

Mr. Nickle: I can come to only one conclusion from that, sir, and that is that the price quoted at $3.35 for this item is not the invoiced price of that item in the country of origin but is, rather, the appraised price which the minister's department has placed upon it. In other words, it is the appraised price for duty purposes, and is not the invoiced price.

Mr. McCann: It could be the invoiced price accepted by us, and then would be also the appraised price.

Mr. Nickle: The minister says it could be. May I ask if we can have submitted or read to us, or placed on the record in some way, a comparative statement covering, let us say, the first four months of 1953 and the first four months of the current year. That would be a comparative statement for all the items

where there has been a difference between the invoiced price of the manufactured article and the appraised price for duty purposes? In other words it would include all items where the anti-dumping ruling has been applied.

In that comparative statement could we have a breakdown of the type of item, the volume brought into Canada, and then the following information: The appraised price, by items and by total value each month for each item; the appraised price for duty purposes per unit and per total value for each item; and, finally, a statement for each item for each month showing the total increase in duty imposed on all those items upon which anti-dumping legislation has been applied?

Mr. McCann: Mr. Chairman, that would be a monumental task. Before I would attempt it I would have to revise these estimates and ask for an extra appropriation to carry out the work—because an enormous amount of work would be involved. If there is any particular item that the hon. member is interested in, about which he wants information, we shall try to get it from the department for him. But such a general request as the hon. member has made, I am afraid, would cost an awful lot of time and money and would need a lot more employees in the department.

Mr. Nickle: Mr. Chairman, actually what I am asking for would not involve a great deal of work. There are a very limited number of items, certain textiles, refrigerators and a few other miscellaneous items, against which the anti-dumping legislation has been applied since it was passed a few months ago. Surely, sir, it would be possible to list in very simple form the particular items, refrigerators, textiles and the rest, against which this legislation has been applied. List them by item, volume and prices, and then wind up with a statement of increases dollar-wise in duties which have been applied in an effort to protect the Canadian manufacturers, presumably, against those foreign imports.

Mr. McCann: We shall take note of the hon. gentleman's question and try to give him some information with reference to the query he has made. Perhaps it might satisfy him if we gave him typical examples rather than all the invoices and all the types of goods. I think what he wants is something to indicate what has been the general increase as a result of the policy which was adopted a few months ago.

[Mr. Nickle.]

Mr. Nickle: That is right, sir. Could the minister not give us the information say on one particular type of refrigerator, any one, his choice, from the list he has there showing the duty?

Mr. McCann: I am afraid I have not that information with me.

Mr. Nickle: Is there not another item against which the legislation has been applied on which the minister could give us information as to invoice price, appraised price for duty purposes and the increase in duty that has resulted?

Mr. Macdonnell: Before the minister answers may I add a word? I myself was going to ask for something of that kind, because it seems to me that the figures we have now do not really carry conviction with them. It is reassuring to a point to take the December figures and the present figures and to infer from them that a lesson has been learned. It seems to me that if the minister could suggest one or two items in which we could have a comparison running back it would help. I should like to see a comparison not merely with the first four months of 1954 and December last, but with the first four months of 1954 perhaps with similar months of 1953. In any event, perhaps the minister and his officials can suggest some way in which this comparison could be made effective without all that work which I am sure none of us wishes to cause.

Mr. Knowles: I should like to ask a few questions about mixed fruit. I am still one of those simple souls who thinks that mixed fruit is mixed fruit and not peaches. That seems to have been the source of considerable argument, and I do not suppose the argument is over yet. I raise the matter because there are still one or two questions that I want to ask directly on the issue as to whether mixed fruit is peaches or not; also I want to question the way in which the Department of National Revenue is dealing with matters that come before the tariff board where the Department of National Revenue is involved. I recognize that the tariff board comes under the Minister of Finance, but my interest is not in the administration of the tariff board, but rather in the nature of the recommendations made to the tariff board by the Department of National Revenue.

Perhaps I might take just a moment to put on the record what has been the issue in respect of this question as to whether

mixed fruit is peaches or not. As I understand it, there are in the Customs Tariff several items which fix the rate of duty on peaches and on one or two other items of fruit. In all cases these are tins of fruit. Then there is the n.o.p. item, "not otherwise provided". It appears—

Mr. McCann: Mr. Chairman, on a point of order, does the hon. gentleman think this matter ought to be discussed now when it is still before the court?

Mr. Knowles: I would be interested to know if it is before the court.

Mr. McCann: Yes, it is.

Mr. Knowles: In what way?

Mr. McCann: It is still before the Exchequer Court, in that we have the right to make our appeal. Our appeal, if any, has not been heard at all. As far as the department goes, the importers made an appeal, and there was a judgment of the president of the Exchequer Court; but the department has the right to appeal, and that has not yet been heard.

Mr. Knowles: At the moment I am seeking information; I am not arguing.

Mr. McCann: That is the position.

Mr. Knowles: Let us get this straight. As I understand it, there was an appeal from the tariff board to the Exchequer Court of Canada. The Exchequer Court issued its decision, in effect confirming the decision of the tariff board. I do not know that there has yet been an appeal from the Exchequer Court ruling to the Supreme Court.

Mr. McCann: No, there has not been; there has been an appeal from the decision of the tariff board to the Exchequer Court by the department. Do not forget there are two parties to an action that comes before the tariff board. Here were the Department of National Revenue and the importer, and the tariff board gave a decision. The importers made an appeal to the Exchequer Court. That appeal has been dealt with. The Department of National Revenue has the right to make an appeal to the Exchequer Court.

The Chairman: Order.

Mr. Knowles: May I add a word?

The Chairman: Order.

Mr. Knowles: On the point of order; there are several lawyers around, including yourself, Mr. Chairman, and I would like to know what the situation is when a court has made a decision and no further appeal has been made. Is such a matter sub judice?

The Chairman: I am not familar with the particular case, but might I point out this. I understand that, in accordance with our rules, a matter is not sub judice if an appeal has not actually been filed. I do not know whether an appeal has been filed in this particular instance. If it has not been filed, I do not think I can rule this subject out as being sub judice. On the other hand, may I draw to the attention of the hon. member for Winnipeg North Centre the agreement which was apparently entered into earlier this morning, and the point of order raised by the hon. member for Mackenzie. If my understanding is correct, it is the wish of the committee that we confine ourselves to questions and answers at this time and general discussion will take place at a later date. Although I do not think I can rule the remarks of the hon. member for Winnipeg North Centre out of order on the ground that it is sub judice, I do think that they are perhaps not in accordance with the agreement which the hon. members have apparently arrived at.

Mr. Knowles: I am very happy to accept both of your rulings. Have you been able, sir, to ascertain yet which item it is that has been fixed for the general discussion? I am prepared to defer this discussion to that other item if I can be told which one it is.

The Chairman: I have not yet been informed of any item, nor has the committee come to any agreement on that point.

Mr. Macdonnell: I might attempt to assist the situation. My understanding is that general discussion would take place on item No. 299, general administration of the taxation division. I think the Minister of Citizenship and Immigration agrees with that.

Mr. Harris: I was under the impression that the understanding had ended about half an hour ago.

Mr. Macdonnell: I thought the withdrawal had been withdrawn. That was my hope.

Mr. Harris: I am most anxious to accommodate hon. members but when one member breaks that understanding, even if—

Mr. Macdonnell: Not consciously or intentionally.

Mr. Harris: Well, I cannot be responsible if hon. members are not aware of the understanding and certain things follow from that. But as far as the general discussion is concerned, if hon. members want to make speeches with respect to the customs items on the general item on taxation then I have no objection.

Mr. McCann: Oh, no!

Mr. Harris: Will the minister excuse me a moment? He, of course, will be in the position that he will understand these are direct statements and will not lead to any answers. The officials are here by arrangement this morning and we have already had one hon. member seeking to make a general statement. As I said, I thought that that had ended the discussion, though I know the hon. member for Winnipeg North Centre wishes to say—

Mr. Knowles: Wishes to say a few things and ask a few questions.

Mr. Harris: —a few things, and there is no reason why he should not have that right when the Leader of the Opposition exercised it.

Mr. Fleming: Mr. Chairman, I think it is only fair to mention that the Leader of the Opposition made it quite clear, in the point he raised, that he was asking questions which he thought related to the matter under discussion, namely the application of the December amendment in relation to dumping. He made his statement and said he was asking these questions as they applied to the particular subject which was agreed to be the subject for discussion this morning. I thought that had been made quite clear and the understanding had been respected, and we were carrying on under it. I suggest, Mr. Chairman, that that is the position and we should now so continue.

Mr. Harris: I think the hon. member for Winnipeg North Centre might proceed with his general remarks. If I interrupt him at about the same point in his remarks that I did in the case of the Leader of the Opposition, we may find that he too intends to observe the understanding.

Mr. Knowles: Mr. Chairman, I am not too sure as to the meaning of that remark, but I am in a very co-operative mood this morning, and the leader of the house can confirm that, because these arrangements have been changed so often this morning that I have forgotten how many times they have been made and upset.

However, Mr. Chairman, I shall not take very many minutes to deal with this matter. I do not intend to debate the issue of whether mixed fruit is peaches. The department ruled one way and that ruling was that mixed fruit should be classified as peaches and the effect of that was to increase the duty. The case was taken to the tariff board and the tariff board ruled against the department. Their ruling was to the effect that mixed fruit was mixed fruit and should be charged the duty provided under n.o.p.—not otherwise provided.

The case went from the tariff board to the Exchequer Court and the Exchequer Court refused leave to appeal against the tariff board decision which had the effect of confirming the tariff board decision that mixed fruit is mixed fruit and not peaches. Where it goes from there we do not yet know.

However, there is a question of administration or policy involved in this on which I wish to say a few words. When the case was heard before the tariff board it turned out that the representations on behalf of the Department of National Revenue were made not by officers of the Department of National Revenue but by a person from the Department of Justice. It also turns out, and I have had the privilege of reading the transcript of the evidence, that in the discussion that took place—if I may put it this way—the ground was shifted two or three times.

The other side to the case appeared before the tariff board prepared to argue against the contention that mixed fruit was peaches. During the discussion the representative of the Department of Justice suggested to the tariff board that perhaps the ruling made by the Department of National Revenue was wrong, that perhaps mixed fruit should be regarded as preserves, and if that was not a satisfactory proposition then perhaps mixed fruit should be put into another basket item in the customs tariff schedule.

The result of that, Mr. Chairman, was that the people on the other side did not know where they stood. The ground was being shifted and arguments were being advanced that were not in the original proposition. It seems to me that that way of dealing with the matter is quite unfair. I recognize the fact that the position I would take was finally taken by the tariff board, when it ruled that mixed fruit should still be n.o.p., and at the moment that is the decision unless an appeal is made to the Supreme Court. But if the decision stands then somewhere along the line it looks as though there will have to be rebates of rather substantial sums.

On one occasion on the orders of the day I asked the Minister of National Revenue whether it was the intention of the Department of National Revenue to continue this practice of having a representative of the Department of Justice represent the Department of National Revenue in these hearings before the tariff board. Indeed, it is on that point that I would like him to comment. On that occasion he gave the short answer "Yes". But it seems to me that this is an unfair way

of dealing with this matter. When the case comes before the tariff board it makes it very difficult for the opposite side when someone comes in from the Department of Justice and shifts the ground considerably, as was done in this case, so that the other party does not know what arguments they will have to answer.

It seems to me, if one can think of this in the sense of court procedure, that that is hardly a fair way to deal with it. I am sure the Minister of National Revenue is familiar with all the facts of the case and I would appreciate it if he would comment on that particular matter, namely the way in which the Department of National Revenue makes its representations to the tariff board when a ruling of the department has been appealed to that board.

Mr. McCann: Mr. Chairman, in answer to the hon. gentleman's question I could give him a little of the background here in connection with the lawyers who appeared before the tariff board. They began appearing early in the life of the present tariff board. As a matter of fact, a lawyer was involved in one of the cases heard on April 25, 1949, and that was appealed, although I need not go into the details. On May 18 there was an appeal before the board, and in 1949 three lawyers represented the appellant in appeal case No. 177. There are numerous other instances I could give which would serve to indicate that lawyers have appeared in all the cases since the very beginning. The first time that the Department of National Revenue used a lawyer there was on June 7, 1950, on appeal No. 214. If the hon. member wishes to know if it is our intention to continue to use lawyers the answer is yes, and the Department of Justice being the legal advisers to every government department we propose to use their services when required.

Mr. Knowles: But, Mr. Chairman, I was not objecting to the use of lawyers. I was raising the point that a person should not be brought in from some other department to take the attitude that it was his job to sort the thing out and to offer suggestions to the tariff board. Rather, I feel that a representative of the Department of National Revenue should conduct its side of the case so that the two opposing parties could know where they stood.

Mr. McCann: Mr. Chairman, I think you will appreciate that it is the duty of the tariff board to bring out all the facts and if our counsel can assist them in that it is his duty to do so.

Mr. Shaw: Mr. Chairman, possibly the statistical information which I desire is readily available, possibly not. In any event I should like to make my request with reference to the decisions of the tariff board. I understand it is the right of the Department of National Revenue to appeal against the decisions of the tariff board. In cases where they do not appeal against the decision, they are faced with the problem of making their own decision in the light of that decision. I can mention the specific case, for example. Would the department have readily available statistics showing the number of cases, say over the period of the last twelve months or the fiscal year, where the company or the individual Canadian has appealed against the decision of the national revenue department made under a decision of the tariff board? I realize that that question is a bit involved, but if I could, I should like to have that information as to the outcome of those appeals.

Mr. McCann: Mr. Chairman, I do not think that information is available. As I understand it, what the hon. member would like to know is in how many cases the department has made the decision with reference to appraisals and classification. We hear the appellants who come to see the department in those cases. We hear their arguments. Then a decision is made. If that decision is not acceptable then the appellant—the importer—has the right to put his case before the tariff board. As a matter of fact, where an acceptable decision is not made, we, on occasion, make this suggestion: Here is our decision—a decision which is not arbitrarily made but made after argument and after reasoning and where the importer does not choose to accept it; if you are not satisfied then your best course to follow is to make an appeal to the tariff board and see what they say about it. If we are not satisfied with that decision we can appeal it in the same manner as we propose to do in this case of fruits.

Mr. Knowles: Are you going to appeal that case?

Mr. McCann: We may. I am not saying what we are going to do. We have the right to appeal. Within the limitation of time we will make a decision as to whether or not we may appeal.

Mr. Knowles: The minister is not yet in a position to announce whether an appeal will be made?

Mr. McCann: I am not making any announcement as to our future action. As I said in response to the hon. gentleman's

question, they can appeal to the tariff board and the tariff board makes a decision. If we are satisfied with it, we will act on it. If we are not satisfied, we can appeal to the Exchequer Court or to the Supreme Court.

Mr. Shaw: Possibly I might make my point just a little bit clearer. The case I have in mind is one where the tariff board has already rendered a decision. This relates to the sales tax. I may be more specific and say it is in the case of furnaces excluded from the sales tax. To take an individual case, whereas individual manufacturers apply for a refund, the Department of National Revenue say: No; under the tariff board ruling we have decided that you are not covered; there is no refund. I understand he has the right to appeal to the Exchequer Court against that decision of the revenue department. Those are the cases I am concerned about. In some cases did the individual appeal to the Exchequer Court against the decision of the department in the past twelve months? If so, in how many cases did the department win and in how many cases did the individual win? That is the type of information I want.

Mr. McCann: I am informed by my officials that on that issue they do not know of any appeals.

Mr. Shaw: Then there are going to be some.

Some hon. Members: Carried.

The Chairman: Shall the item carry?

Mr. Nickle: I do not want to hark back to this matter too often, but I am still a little bit confused, as perhaps was the minister when he answered my earlier question. In order to avoid any further confusion on this matter, I should like to know just what prices he was quoting when he made this reference to $2.97 and now $3.35. Was he referring to the invoiced prices, the actual cost of the goods in the country of origin, or was he referring to the appraised prices for duty purposes?

Mr. McCann: The reference is made to the value accepted at customs. It may have been the actual value; I mean it may have been the value that they had on their invoice. In any event it was the final value, whether it was the accepted value in the first instance or the appraised value.

Mr. Nickle: In other words, it was the price on which duty was paid?

Mr. McCann: It was the price on which duty was applied; that is right.

[Mr. McCann.]

Mr. Nickle: I asked earlier for a comparative statement. The importance of the question I have just asked, as to whether they were talking about invoiced prices or the appraised prices or appraised values, is to be seen in cases like this, using the assumed example of a refrigerator which may have an invoiced price of say $100. On a duty rate of 20 per cent the duty will be $20 or a total cost landed in Canada of $120. Under the terms of the anti-dumping legislation that particular refrigerator may have been priced by your officials, say at $150 as contrasted with the invoiced price of $100. At the same duty rate, that would put a duty of $30 on that refrigerator or a landed cost in Canada of $130 compared with $120, or an increase in duty of $10.

What I am trying to get at is the actual value to the Canadian manufacturer and the actual cost to the Canadian consumer in the application of this anti-dumping legislation. In other words, what were the invoiced values of the goods which have been reappraised under this anti-dumping legislation? What were the appraised values, what was the total duty levied and what was the difference in duty under the old terms of the anti-dumping legislation as contrasted with the actual duty charged under this new anti-dumping legislation? Would it be possible to obtain from the minister, while we are dealing with these estimates, a statement along that line covering refrigerators, textiles and the other items against which this anti-dumping legislation has been applied?

Mr. McCann: Mr. Chairman, I understand the hon. gentleman's point. We shall try to give him that information in specific cases in order that he may understand what the effect has been of the application of this new valuation for duty purposes.

The Chairman: Shall the item carry?

Mr. Nickle: Mr. Chairman, could we obtain that information today? Could we obtain it during consideration of these estimates?

Mr. McCann: I am afraid not. It will take a few days to prepare it. We shall try to get it before the end of the session.

Mr. Macdonnell: I think there ought to be a distinct understanding about the matter. I think the point raised is an extremely important one. Without having this information we really have not an understanding of what has been going on. If the minister cannot let us have it while the estimates are under consideration, can it be understood that it will be produced and, I would hope

by consent, be placed on *Hansard* later. I think it is highly desirable that this information should be available.

Mr. McCann: We will do that.

The Chairman: Shall the item carry?

Mr. Knowles: I have one question. If the decision with regard to mixed fruits stands, can the minister say what amount of money would be required to be rebated?

Mr. McCann: I have not any idea just what the amount of money would be. I suggest that it is hardly fair to put up hypothetical questions like that until a decision has been made.

Mr. Knowles: It was hardly fair to put up the rate of duty either.

The Chairman: Shall the item carry?

Mr. Macdonnell: I want to be quite clear, Mr. Chairman. Are you going to call item 295?

The Chairman: Item 295 has been called.

Item agreed to.

Customs and excise divisions—
296. Inspection, investigation and audit services, $3,376,797.

Mr. Macdonnell: I wish the minister would say something on this item as to the extension of services, ports, outports and preventive stations. Just in general terms I should like to know how great the extension is.

Mr. Knowles: That is item 297.

Mr. Macdonnell: No.

The Chairman: Item 296 has reference to inspection, investigation and audit services.

Some hon. Members: Carried.

Mr. Macdonnell: The next line in my book reads: "Ports, outports and preventive stations".

Mr. Knowles: That is the heading for the next item.

Mr. McCann: I think that is item 297.

Item agreed to.

Ports, outports and preventive stations—
297. Operation and maintenance, $22,553,155.

Mr. McCann: This vote, which covers 337 ports with a total staff of 6,000 persons, shows a net increase over last year of $2,051,554. A breakdown of this amount shows an increase in the following headings. I will just give them roughly. In salaries and wages the increase is $1,909,000. Of this amount $1,490,000 is to cover the general salary revision. The balance is to cover the salaries of 137 additional officers, as well as normal annual increases and reclassifications. Travelling expenses are up $80,000. The increase is due to the greater volume of business which necessitates increased transfers of staff between ports to handle peak loads. It is also due to the necessary use of a greater number of relieving officers. The higher cost is predicated on the actual expenditures during 1953-54 which amounted to $296,000. Uniforms cost us $30,000 more and the increase is to cover the initial issue of summer weight uniforms. The issue of uniforms is restricted to officers meeting the travelling public at frontier points and other immigration points and takes into consideration varying climatic conditions.

I am sure that the general public is of the opinion that our customs and immigration officers—I will add immigration—are all neatly clad and present a good appearance. We have numerous letters from all over the country with reference both to their appearance and their courtesy. Telephones and telegrams will cost us $25,000 more. This is based upon last year's expenditures and the increase in rates. The balance of the increase is to provide for increased costs for printing and distribution of regulations and memoranda, for cartage, postage, light, power, water and stationery, materials and supplies. Is that the answer?

Mr. Macdonnell: There is one other point I want to ask about, and perhaps it can be dealt with in the same way as the minister is going to deal with the request of the hon. member for Calgary South. I should like to know what the story is about smuggling at the moment, and particularly cigarette smuggling. Has the situation improved?

Mr. McCann: I can give a very satisfactory answer to that. Smuggling has greatly decreased within the last year. That is indicated by the monthly figures of seizures, on which we base our information. In March of 1954 there were 181,693 cigarettes seized compared with 1,300,000 in March of 1953, so you will see that there is a very big drop. The drop has taken place since last July. In July of 1953 there were 1,861,000. The number dropped in August and September, was a little higher in October and from November of last year has ranged from 400,000 down to 181,000 in March of 1954. Seizures are away down and that is very encouraging. As a matter of fact I have the figure for April, 1954, which is still lower. It is 164,000 compared with 2,498,271 in April a year ago.

Mr. Macdonnell: Does the minister attribute that to the increasing efficiency of his department?

Mr. McCann: In part, and I think the big factor was the reduction of the taxation. It was not as profitable to smuggle cigarettes into Canada after the tax and the price had been lowered.

Mr. Herridge: I wish to bring a matter to the attention of the minister which I have been asked to bring to his attention by responsible organizations in my constituency. We now have a very modern airport at Castlegar. As a matter of fact there were over 15,000 people there on May 30 to see the airport reopened. If our radio reception was as good as the airfield we would be very fortunate. The airport is serviced by Canadian Pacific Air Lines. Recently they have put larger planes in service and there is greatly increased travel between the coast and other parts of Canada to this airport.

I have been asked by responsible organizations to ask the minister if he would consider investigating the question of having this airport made a port of entry. The present arrangements are quite inconvenient for large numbers of travellers. I would ask the minister to have that matter investigated to see if it is possible to have a port of entry there.

Mr. McCann: I will be very glad to do that.

Item agreed to.

Ports, outports and preventive stations—

298. Construction or acquisition of buildings, works, land and new equipment, $1,050,000.

Mr. Herridge: I am sorry to delay the committee but I have been sitting here all morning waiting for these one or two small items. I want to bring to the minister's attention the necessity for certain improvements and extensions at one or two ports on the boundary of my constituency. I do so again at the request of chambers of commerce, farmers' institutes and other responsible organizations. The people who make representations to me are always responsible and my representations are always very modest. I want to refer to Nelway first. I am told that there are some extensions being made there for the housing of part-time summer employees who are used in the summer months, and that the buildings that are going to be used as residences by the summer employees are being serviced by chemical toilets although the other buildings are serviced by water. There is water available which is piped to the other buildings. Yet the buildings for the part-time employees are being serviced by chemical toilets although they are only a few feet away from the main buildings. I have been asked to bring that matter to the attention of the minister because the people who make this recommendation consider chemical toilets obsolete. I also understand that there have been some objections from the American officials on the other side of the line.

I also want to mention the port of entry at Waneta. The department's facilities there are, to say the least, most shabby and inadequate. Owing to the improvement of roads, the improvement of the bridge crossing the Pend-d'Oreille river at that point and the building of the dam at Waneta the traffic has increased greatly. However, the minister's staff and officials are housed under very poor circumstances and I do ask for consideration of the improvement of these quarters because the port is certainly of growing importance and the facilities are inadequate at the present time.

Mr. McCann: I will do that.

Item agreed to.

The Chairman: Item 299.

Mr. McCann: No.

Mr. Knowles: Should we not carry the supplementary item first and leave item 299 until after lunch?

Mr. McCann: Yes.

The Chairman: Supplementary item 691. Shall this item carry? Carried.

Mr. McCann: Items 587 and 588 in the further supplementaries.

Mr. Knowles: Where are they?

Mr. McCann: Item 587 is a small item of $27,000 for the inspection, investigation and audit services. The details are on page 20. Item 588 is a further amount of $303,000 required for operation and maintenance. The details are on page 20. These items are in the further supplementary estimates.

Mr. Knowles: I think we passed those before the 31st of March.

Mr. McCann: Oh yes, that is right.

Mr. Knowles: Did you not spend that money?

Mr. McCann: They happened to be on the list I have here, but the only one we are concerned with is item 691.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

The Deputy Chairman: I understand that the Department of National Revenue was under discussion at adjournment this morning, but this afternoon it is the intention to discuss resolution No. 53, the Canadian Broadcasting Corporation.

International shortwave broadcasting service—

53. Maintenance and operation including authority to credit to the appropriation revenue from the rental of facilities in Radio-Canada building to an amount of $160,000 and to re-expend it for the purposes of the international service, $2,199,150.

Mr. Fleming: Is the minister going to make a statement by way of report on the Canadian Broadcasting Corporation?

Mr. McCann: This item No. 53 has to do with the international shortwave broadcasting service. The appropriation asked for this year is $2,199,150, which is an increase over last year of $171,000. The shortwave broadcasting service broadcasts regularly to Europe, Latin America and Australia, as well as providing Canadian news and radio entertainment for the Canadian armed forces establishments in northern Canada and the forces in Korea and Europe.

Mr. Fleming: I do not mean to interrupt the minister, but I assumed that before we went into the details of the international shortwave service the minister would have some statement to make by way of report of a more general nature on the Canadian Broadcasting Corporation and its operations in the sound and television field, as well as its financial operations.

Mr. McCann: If that is the case, I think perhaps we ought to turn to item No. 534 on page 70 of the book of estimates, which has to do with loans and investments. I feel that would be the proper item upon which to undertake it. This covers a loan to the Canadian Broadcasting Corporation repayable with interest in the amount of $3 million.

Mr. Fleming: I suggest we might follow the practice that has been followed in other years and consider the several items pertaining to the Canadian Broadcasting Corporation together so as to facilitate a general discussion at the outset, to be followed later by any specific matters that may arise under the individual items.

Mr. McCann: We could do that. As you will understand, the first items have been skipped because of the fact they are statutory items. The first item covers $6,250,000 which is the application of the excise tax which goes to the Canadian Broadcasting Corporation.

I have no objection to a discussion of the affairs of the Canadian Broadcasting Corporation in general. I have two short statements to make, one in connection with the international shortwave service and the other has to do with this loan. Probably if I gave the material with reference to the loan, it would open up the discussion and that would give a picture of the general position of the broadcasting corporation.

Mr. Knowles: Would it not be possible to agree on one of the three or four items that are before us as the item on which we have all the discussion of the C.B.C.?

Mr. McCann: If that is what the committee wants, I suggest the general discussion take place either on this item covering the loan to the C.B.C. or on the item covering the international shortwave service. I would suggest it would be better on the item covering the loan.

The Deputy Chairman: I would make this suggestion to the committee. I have looked over these items. The first two, taking them in numerical order, refer to the international shortwave broadcasting service, which is a subject of its own, and the third item is a general item referring to the Canadian Broadcasting Corporation activities as a whole. Then, the supplementary item is for construction and acquisition of new buildings.

Perhaps the most orderly method would be to take them in that order, and discuss and dispose of the two items dealing with the international broadcasting service, unless there is some general discussion which involves both the international and the domestic service, in which case of course our practice has been to permit a general discussion. Perhaps I may be allowed at this time to say that, in trying to work out an orderly procedure, I have noticed, during the discussions we have had, a great deal has been said about one specific item in the estimates which would be called later. As a result of this, the general discussion has been spotty and far from consecutive; the remarks of one speaker have not followed the other.

I am in the hands of the committee entirely, but it would be my suggestion that we deal with the international shortwave broadcasting first, because it comes first. But if hon. members have remarks to make which cover all the aspects of broadcasting, then we would have to proceed with the item covering the loan.

Mr. Fleming: In view of your statement, Mr. Chairman, I may say that I wish to make some remarks of a general nature in regard to policy, and therefore I would suggest in line with your intimation that we take the more general item first. Since the international shortwave service is a specific matter not lending itself readily as a vehicle for general discussion, it might be well to call item No. 534 first. It would be a more appropriate vehicle for general discussion.

The Deputy Chairman: Is that the general desire of the committee?

Some hon. Members: Agreed.

Item stands.

Canadian Broadcasting Corporation—
Loans, investments and advances—

534. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures to cover capital costs of television installations and to support the development of the service. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936, $3,000,000.

Mr. McCann: I may say, Mr. Chairman, that that procedure is quite agreeable to me. This particular item has to do with a loan to the Canadian Broadcasting Corporation for television installation. In this statement I have laid stress on the television side of broadcasting rather than sound broadcasting. However, it does open up the matter for discussion.

This item covers a proposed loan to the Canadian Broadcasting Corporation for capital expenditures on television installations. The committee will recall that last year parliament approved a loan of $4,750,000 to the corporation towards the cost of building television facilities in Vancouver, Winnipeg, Ottawa and Halifax, together with a transmitter in Montreal. The loan last year, as was explained at the time, represented only part of the cost of the program, with the remainder to be met by a further loan in this fiscal year. The amount proposed this year is $3 million and it will cover the remainder of the cost of the projects that were approved last year.

As hon. members are aware, we are in the midst of a wide development of television broadcasting in Canada. The C.B.C. began operating its production centres and stations at Montreal and Toronto in September, 1952. I would point out that that is less than two years since our first station was opened. Just over a year ago these stations were linked together by direct network connection. The Ottawa station went on the air at about the same time. The C.B.C. station in Vancouver opened last December. The second transmitter in Montreal began functioning in January of this year. The Winnipeg station will go on the air in a few days and the Halifax station is expected to start before the end of the present year. At the same time the number and variety of television programs has been greatly increased. The growing interest in the country is shown by the fact

that about three-quarters of a million families are reported to have bought television sets in Canada, and it is expected that sales this year will considerably exceed those of last fiscal year when some 400,000 sets were sold.

There are also at the moment four private stations operating, with more expected to be on the air shortly. All are functioning as members of the national system and are being supplied by the C.B.C. with national program service which is amounting to from 20 to 28 hours a week.

During this year there will be further wide expansion in the television system. The C.B.C. is developing program production facilities at the regional points of Vancouver, Winnipeg, and Halifax, and will have some facilities for live output in Ottawa. In addition 16 more private stations are already authorized and will be coming on the air at different times—it is expected most of them before the end of the year. The C.B.C. will be supplying all the private stations in addition to its own with national program service.

The C.B.C. is now supplying service to the private stations at London and Kitchener by direct network connection. It is planned that such direct connections would be established with all stations in southern Ontario and Quebec just as soon as they go on the air. Stations in other parts of the country for the time being will be supplied by means of kinescope recordings. As the number of stations increase this will entail greatly expanded facilities for the making and handling of recordings. The C.B.C. is looking forward to direct network connections across the country from coast to coast, and has already asked for tenders from communication companies for extensions of network service both east and west from central Canada. Such a national direct network system will of course involve commitments for heavy annual payments by the corporation.

Because of the high sales of sets, revenues to the C.B.C. from the 15 per cent excise tax on the wholesale price of receiving sets has been actually higher than was anticipated at the beginning of the last fiscal year. The proceeds of the tax applying to television amounted to approximately $11,700,000 for 1953-54. I am sorry that since its fiscal year has just recently closed, the annual statement of the corporation is not yet available. The corporation estimates that on the television side they will show an operating surplus of some $5 million. This television operating surplus from last year has been all earmarked by the corporation for further capital expenditures, and will to this amount reduce the need for further capital loans in

the future. The funds will be used to provide additional technical and production facilities, which are being made necessary for the development of the system. The present program facilities are being taxed beyond capacity to provide the number of Canadian productions at present being broadcast. With increasing pressure for the carrying of more non-Canadian programs, it has become more and more necessary to add to the facilities for producing Canadian programs. I think all the hon. members will agree that at least a reasonable proportion of our television broadcasting should be provided by Canadians for Canadians.

In this way the surplus which the corporation will show in television for the past fiscal year will be plowed back into facilities for maintaining and improving the national television service right across the country.

It is not very expensive to import television programs in Canada and put them on our television stations; it is extremely expensive to produce television programs ourselves in Canada. And it is also expensive to link the different parts of the country together by television. I think we all realize that television is bound to have a very great effect on our family and national life and particularly on the growing minds of young Canadians. At the same time we have to face the fact that the development of a Canadian system, broadcasting at least a reasonable proportion of Canadian programs, spreading across the country from coast to coast, is going to cost a great deal of money to operate. At the present time in Canada we are developing one of the most extensive television systems in the world. It represents one of the great developments in the history of our country and it is being built under a scheme of sensible co-operation between public and private interest. I believe that in television we in Canada must think in big national terms, not just weighing individual local considerations. And if we continue to think and plan for the national interest, in the interests of Canadians in all parts of the country, we are going to have a television system of which we as a nation can be justly proud.

Mr. Fleming: Mr. Chairman, the committee is hampered this year in its approach to the consideration of the various items affecting the Canadian Broadcasting Corporation by the fact that there has been no committee of the house this year reviewing the operations of the corporation, and also by reason of the fact that the corporation's annual report is not in our hands.

It has been the practice throughout the two last previous parliaments that a special committee of the house should be set up in alternate sessions to review the operations of the corporation. The committee did sit in the session of 1953, and I have no doubt one will sit during the next session of parliament. Certainly we in this part of the house will be asking that such a committee be appointed at the next session.

Then, as to the annual report, I would call to the attention of the hon. members the fact that the fiscal year of the Canadian Broadcasting Corporation follows the fiscal year of the government, ending on March 31. It is unfortunate that in a year when there has been no special committee reviewing the operations of the corporation, and its policies, we have not before us at this time any report of the operations of the corporation, since the one which closed with the date March 31, 1953. Here we are more than 14 months later and, apart from the somewhat brief review the minister has given to the committee, we know virtually nothing as to the financial operations of the corporation during the past 14 months. As the situation may arise in the future, I think some consideration should be given either to expediting the annual report for occasions such as this, or probably considering the possibility of making the fiscal year of the corporation coincide with the calendar year, rather than with the fiscal year of the government. I am making no further comments as to the feasibility of this suggestion. It is the sort of thing that can be discussed with the officials of the Canadian Broadcasting Corporation when a special committee next sits. But we are left in the position today where we are without the benefit of the work done by a committee, and without access to any report since that of March 31, 1953. Therefore our information in approaching the estimates affecting the Canadian Broadcasting Corporation is quite inadequate.

Sir, we have a half dozen items before us. As the minister mentioned in his remarks, there are two items on page 8 which are of a statutory nature. The first is $6,250,000 to provide for the requirements of the sound broadcasting service. The second is an item of $15 million to provide for payment to the Canadian Broadcasting Corporation from the consolidated revenue fund of amounts equal to the taxes collected under the Excise Tax Act in respect of radio and television sets and equipment. Then we have item 534, immediately under debate, to provide the sum of $3 million by way of loans to the Canadian Broadcasting Corporation to cover capital costs of television installations and to support the development of the service. There are

of course the other items which relate specifically to the international shortwave service, which I shall not deal with in these somewhat general remarks at this stage.

I should like to draw to the attention of the committee at the outset, sir, the fact that the bulk of the money going from the consolidated revenue fund of this country into the coffers of the Canadian Broadcasting Corporation is going there not by direct vote of this house now but under authority of a statute passed previously. We in this part of the house took issue with the method that was proposed by the government last year, and indeed on previous occasions, in this respect. Provisions of a continuing nature were made at the insistence of the government both in the years 1951 and 1953. In the year 1951, to implement one of the proposals of the Massey royal commission, the government asked the house to make a continuing five-year grant to the corporation of $6,250,000 a year. In 1953, when the licence fee of $2.50 on radio receiving sets was abolished, a nuisance tax which we in this part of the house had attacked vigorously for many years, provision was made for substituting revenue on a much more generous scale by way of allocating to the Canadian Broadcasting Corporation the annual proceeds of the excise tax collected on the sale of radio and television receiving sets in Canada. At that time we were told the estimated revenue from that source for a full year would be approximately $12 million. In the case of the 1951 vote, it was set up on a five-year basis. In the case of the 1953 vote, it is set up on an indefinite basis that can go on in perpetuity unless legislation to the contrary is passed in this house.

We in the official opposition took issue with that type of indefinite provision, and we still do. We are prepared to deal on its merits with any provision, any grant or any loan that we are asked to vote in favour of the corporation to assist its work either in the field of sound or television broadcasting; but we do not believe that this matter of providing indefinite grants, continuing year after year without any control or direct vote on the part of parliament, can by any stretch of the imagination be harmonized with a proper appreciation of the importance of parliamentary control over the expenditure of public moneys.

We have been given some indication from the minister this afternoon that the estimate given to the house last year as to the revenue which was expected from the tax on radio and television receiving sets has been exceeded. We have not been given the figures as to the breakdown between the television and the radio sets. I should think it would not be very difficult to obtain those figures on a breakdown basis.

It will be recalled, sir, that the Massey royal commission recommended that the operations of the Canadian Broadcasting Corporation, in their financial aspects, should be carefully separated as between sound broadcasting on the one hand and television broadcasting on the other. Last year, when the government's proposal came before the house, it was suggested to us that of the $12 million of expected revenue, the amounts yielded would be approximately equal as between radio broadcasting and television broadcasting. We in the official opposition asked for a clear and definite allocation to be established by legislation so that revenue from tax on the sale of radio receiving sets would be allocated to sound broadcasting and revenue derived from taxes on the sale of television sets would be allocated to the purposes of television. But in the result, the government would not accept this proposal and insisted that the revenue derived from the tax on both sound receiving sets and television sets should be mingled.

I suggest, Mr. Chairman, that the first thing we want to know is what is the breakdown of revenue as between the tax on radio receiving sets on the one hand and on the television sets on the other. We will want to know in a way that is just not possible without a detailed operating statement of the corporation for the fiscal year ended March 31, 1954 before us, what have been the revenues received and what have been the expenditures upon sound broadcasting and television broadcasting, both fully separated.

We should have a proper and detailed statement as to the use made by the corporation of the substantial sums of money which were placed at its disposal during the fiscal year ended March 31, 1954. Actually, the revenues at their disposal in both fields of sound and television broadcasting for that fiscal year aggregated some $26,750,000. I gave the detail of that breakdown on May 14, 1953, at page 5418 of *Hansard,* in reviewing the work of the special committee on radio broadcasting for that year, and the information it had gathered as to the financial operations and plans of the corporation.

I make it quite clear now that I am asking for a detailed breakdown in this committee now of that substantial total of $26,750,000, by far the largest sum ever placed at the disposal of the corporation in any fiscal year, indeed, several times larger than the figures available to it in recent years.

We come again, sir, to the question of loans. This house, over a period of several years, has already placed at the disposal of the corporation a total of $8 million by way of loans for the development of television. One might have thought that with the very largely increased sums available to the corporation from the proceeds of the excise tax on radio receiving sets and television sets there would be no occasion for the corporation to come back to parliament for further loans. After all, with $26,750,000 available for all purposes last year, and with the information now that the estimate of $12 million given to the house at that time as to the expected revenue from the proceeds of the excise tax on receiving sets and television sets is less than the amount actually realized, one would think that there would not be occasion to come back to parliament asking for more loans; yet we are being asked now to provide a loan of an additional $3 million to cover the capital cost of television installations and to support the development of the service.

The house, Mr. Chairman, has been given no adequate explanation of this item, and I call upon the minister for infinitely more information than he has yet imparted to the house to justify this substantial loan, in addition to all the other revenues that are available to the corporation from the various sources which have been allotted to it by parliament.

Let me remind the house, sir, as to what some of those revenues are which are now regularly available to the corporation. We have, first of all, the excise tax and it is to be observed that this year the statutory item with respect to the proceeds of the excise tax stands at $15 million. That, in itself, is an increase of $3 million over the estimate of $12 million upon which the house proceeded at the 1953 session. In addition there is the continuing grant of $6,250,000 under the program approved by parliament in 1951. In addition to these two sources, Mr. Chairman, there are still available to the corporation its revenues from commercial broadcasting. Indeed, we have not been given the figures of revenue from commercial broadcasting for this past fiscal year, but on reference to the annual report of the corporation for the fiscal year ended March 31, 1953, we may see that the revenue from commercial broadcasting in that year exceeded $2,500,000 from sound broadcasting, and even in the very limited operation in the television field I find that for the fiscal year there had been received a total of $518,000 by way of commercial revenue in respect of television broadcasting.

Now, with the very largely increased program of television operations carried on by the corporation in the fiscal year ended March 31, 1954, it must be apparent that the revenues to the corporation from commercial broadcasting must be very much larger than that and would aggregate something in excess of $3 million. There are some other items of revenue as well.

I draw attention to the fact, Mr. Chairman, that these are very substantial sources of revenue to the corporation, and now, more than ever before in our history, when dealing with the affairs of the Canadian Broadcasting Corporation and its operations, we are dealing with an organization whose claims upon the public treasury are becoming ever greater and now reach into very substantial amounts which call on the part of parliament for the strictest review and the exercise of the fullest parliamentary control.

Mention has been made, sir, of the way in which the public has been purchasing receiving sets. Indeed, sir, the rate at which the public has been purchasing television sets has been extraordinary. In the year 1954, according to the dominion bureau of statistics' daily bulletin for March 26, we learn that manufacturers' sales of television receivers soared to as high as 366,498 units in the full year 1953 compared with 137,236 in 1952. In other words, sir, the total television receiving sets sold in Canada in 1953 were almost three times the number sold in Canada in 1952. Radio sales rose more moderately to 620,800 in 1953 from 568,844 in the year 1952. The value of the TV sets sold in 1953 was $148,753,000 compared with $60,659,000 in 1952, and radio sales were valued at $52,119,000 compared with $50,-125,000 in the year 1952.

The sale of TV sets by areas in Canada in 1953 is also striking. In the Atlantic provinces it was only 869; in Quebec 119,519; in Ontario 225,726; in the prairie provinces 1,270; and in British Columbia 19,114. The extraordinary rate of public purchases of television sets is continuing in 1954, according to the figures issued by the Radio-Television Manufacturers Association of Canada which reported that the sale of television sets for the first four months of 1954 amounted to 137,267 compared with 94,136 in a like period in 1953. In respect of the sale of sound receiving sets, sales for the first four months of 1954 totalled 142,517 units compared with 198,021 units in the like period of 1953.

It will be observed from these figures, Mr. Chairman, that the tendency now is for the sales of the radio receiving sets to decline.

There is a decline indicated in this four-month period of 1954 of 25 per cent as compared with the first four months of 1953. But this extraordinary rate at which the public is purchasing television sets, evident in 1953, is being continued in 1954 at an increased rate, and if this rate of purchase continues up to the end of 1954 then in this year alone there will probably be more than 400,000 sets purchased in Canada.

Now, sir, I turn from the subject of finance, knowing that we have been given only the scratchiest and sketchiest kind of information, quite inadequate for the needs of the house in facing its responsibilities in regard to the substantial amounts that are now under consideration, to the question of policy, which is a matter of high importance.

There have been extensive debates in this house on the subject in relation to both sound broadcasting and television for years past. I am not going to suggest that there is any occasion now to cover all the ground that has been covered in other years. But I wish to make several facts plain, so far as the policy to which we subscribe is concerned, as well as to make quite clear what I deem to be the inevitable effects of the policy now being pursued by the government in relation to the licensing of stations, and in particular of television stations.

In the first place, sir, we have in the government's policy a point-blank contradiction as between its policy on sound broadcasting on the one hand and television broadcasting on the other.

Let me take as my illustration the testimony of Mr. Browne, an official of the Department of Transport, before the special committee on broadcasting of the 1953 session. I quoted this in my remarks in the debate on May 14, 1953, as can be found at page 5419 of *Hansard*. This is the question I put to him:

> You say there is no policy against licensing—

This is for sound broadcasting, Mr. Chairman.

> —two or more stations in the same area?

The answer was:

> There is no government policy which restricts the number of stations of which I am aware.

That was the testimony of an official in the Department of Transport through whom the function of the licensing of stations is exercised. It is quite clear that there is no government policy against the licensing of more than one station in areas where there are existing stations in the field of sound broadcasting. Mr. Chairman, the result is that, apart from what our views may be with regard to the regulation of sound broadcasting in general, we at least do not have to attack a policy of local monopoly in favour of existing stations. At any rate, the government's policy, whatever may have been its shortcomings, in the field of sound broadcasting has not been open to that criticism.

We still have our views, Mr. Chairman, with regard to the whole method of control and regulation of radio broadcasting in Canada. We consider it to be unsound in its nature that the system should call for the operation of a national system on the part of the Canadian Broadcasting Corporation and that at the same time the corporation, clothed with that responsibility, should be charged also with the responsibility of and be given the wide powers of regulation over all other broadcasting in Canada. There are many private stations in Canada. Our view was and continues to be that the proper method of regulating broadcasting in Canada would be through a separate board which would be a public board, fully responsible to parliament, discharging a public responsibility, but clothed with the responsibility and power needed in relation to the regulation of all forms of broadcasting in Canada, whether they are publicly or privately owned stations. We do not think that the best results are obtained by having a corporation which is charged with the duty of operating in the national field also being given these broad regulatory powers. The two functions are separate and distinct and, in our submission, they should be discharged by separate bodies in the same way as the Board of Transport Commissioners for Canada exercises the powers vested in it under the Railway Act over both the privately-owned Canadian Pacific Railway and the publicly-owned Canadian National Railways. It is a system of that kind that we think would be best suited to the needs of Canada in this important field of communications.

I come now to the field of government policy in relation to television broadcasting. Here I think one can best illustrate government policy by placing side by side with the description of policy given by Mr. Browne, in the passage that I have just quoted from his evidence which was given something over a year ago, a question following in the same gentleman's testimony. I asked him this question:

> Q. In other words, it is not the policy to foster a local monopoly in sound broadcasting?—A. There is no government policy, as I have said, akin to that which at the present time applies in the case of television.

Sir, the policy of the government in relation to television is to foster a series of local monopolies in Canada. Along with that

policy has gone the policy of fostering a monopoly for the publicly-owned stations of the Canadian Broadcasting Corporation in the large cities—the metropolitan areas—where there has been the greatest demand, actually, for the establishment of more television outlets. The inevitable results of this policy which the government has stubbornly followed have been, first of all, to delay for years the introduction of television in Canada and, now that television has been introduced into Canada, as it was introduced in a rather modified form a year and a half or two years ago and, so far as the publicly-owned system is concerned, is now being extended by rather slow degrees to deny at the same time to other areas that service in the field of television which they desire and which at the same time many organizations are prepared to risk their capital to provide. The reason that many areas in this country are still denied any television and further the reason that areas in this country which have limited television today are denied more opportunities of having alternative television services is that the government has stubbornly followed this policy first of delaying the development of television and now of fostering local monopoly.

We of the Progressive Conservative party do not believe in any policy of local monopoly. We believe that the best results will be achieved not only for those who wish to receive additional programs but in the whole aspect of the relationship between parliament and public authority on the one hand and operations in this field on the other, if competition is not discouraged, as the government is deliberately discouraging it.

We are not alone in holding that view. Others have put that view forward. Indeed, organizations within the Liberal party itself have publicly declared that view before now. I take you back, Mr. Chairman, to November 11, 1951, when the Young Liberal Federation of Canada in its meeting at Vancouver, according to a Canadian Press dispatch of that date from Vancouver, asked the government to establish an independent administration to control radio and television, including the C.B.C. I come forward to October 27, 1952, when a Canadian Press dispatch of that date reports that the advisory council of the Liberal federation, which is described as the high command of the federal party in power, passed this resolution:

"Recognizing that the use of radio has become universal in Canada . . .

And so on. They recommended abolition of the radio licence fee. That recommendation was carried out. That fact leads me to ask why other similar recommendations of these bodies have not yet been carried out.

I come forward to May 16, 1953, and I have here the reports of two newspapers reporting on the resolution passed by the Ontario Young Liberal Association at its convention in the city of Toronto on that date. The report reads as follows:

The Ontario Young Liberal Association yesterday voted down a suggestion that it endorse the present C.B.C. television monopoly in major markets and in several other resolutions found itself at odds with federal party policy.

Only one delegate to the annual meeting in the King Edward hotel voted in favour of the resolution underlining that private TV stations should be kept out of Toronto and other major Canadian cities until there was enough revenue available to support competing stations. Two of the delegates led a stinging attack on C.B.C.-TV policy.

Let me make this comment on that last remark "on C.B.C.-TV policy". It is not so much C.B.C. policy as it is government policy that this monopolistic system should be encouraged.

Then, sir, we come down to May 29, 1954, which was last week. We have a Canadian Press dispatch dated May 29, reporting on a meeting held in this city of Ottawa of the Young Liberal Federation of Canada. I take two or three paragraphs from the Canadian Press dispatch reporting on that meeting. Mention is made, of course, of the fact that it was announced that no resolutions could be made public at the close of that meeting because they had first to be reviewed by some powers that be in the party. Therefore the text of the resolution has been withheld from the public. Mr. Chairman, I think it may be said that other parties in this country are more democratic in that regard. At any rate, it is evident that some information sifted through the iron curtain that was applied. I read this paragraph from the Canadian Press dispatch of May 29:

It was understood, however, that the convention approved a resolution submitted by the Young Liberal Association of B.C. that a separate body be established to control the licensing and regulate the operation of all radio and television stations in Canada. At present, the Canadian Broadcasting Corporation holds this power.

And further:

The Young Liberal Association of British Columbia brought the controversial television resolution to the floor of the convention. B.C. delegates said it was defeated after five votes.

The resolution said "the provision of competitive alternative television service in all areas of Canada would stimulate employment, the development of a great industry and provide that alternative source of information and entertainment essential to a well-informed public."

It said the government should be urged "to implement at once its announced policy of permitting alternative and competitive television service in all areas of Canada, especially the six major markets of Vancouver, Winnipeg, Toronto, Ottawa, Montreal and Halifax."

Mr. McCann: That resolution was defeated.

Mr. Fleming: Yes, it was defeated, we are told, by five votes—

Mr. McCann: That does not make any difference. It was defeated.

Mr. Fleming: —indicating how close was the division of expressed opinion in that meeting, even in the face of the fact that the delegates who voted for that resolution knew that they were voting to condemn government policy. Where you find this Young Liberal Federation—

Mr. Lesage: It is a free party.

Mr. Fleming: Isn't that impressive when the powers that be within the Liberal party do not permit the text of these resolutions to go to the public! Remarkably free! How impressive is the freedom of these meetings and their transactions! Let me comment further that when in that meeting you find practically half the delegates, within five of half the number, voting for a resolution which on the face of it was a stinging condemnation of the policy of the Liberal government, I think you have a very good barometer by which to judge the extent of the criticism within the party itself of this arid, negative, backward policy of the government in sterilizing the development of television in Canada and encouraging the baneful development of monopoly.

Mr. McCann: Would you like to have a parliament elected on that basis?

Mr. Fleming: Liberal? Never.

Mr. McCann: Any kind. You would want the minority to rule.

Mr. Fleming: No, I have never advocated that the minority should rule. That is one reason I have said repeatedly that this government does not have any right to rule in the way it does because it does not represent a majority of the Canadian people. It was elected with 48 per cent of the votes of the Canadian people.

Mr. Lesage: How many did you get?

Mr. Fleming: I have drawn attention to what is an eloquent comment on the feeling within the Liberal party about the Liberal government's policy of monopoly. Now, sir, I turn to remarks which I think are entitled to very great respect. They come from a gentleman for whom I have learned to have a high regard in the frequent contacts I have had with him as a member of the house and as a member of the special committee on radio broadcasting from year to year since I came into the house in 1945. It is Mr. Davidson Dunton, the chairman of the board of the Canadian Broadcasting Corporation, whom I regard as a very conscientious official of that corporation. In a recent address which Mr. Dunton made in Saskatoon on May 14, 1954, he faced up in a very frank way, it seemed to me, to the problem of trying to reconcile freedom of expression and freedom of communication on the one hand with regulation in the field of sound and television broadcasting on the other. I shall quote a couple of passages from his speech, and I think hon. members will listen to them with interest. After referring to the early origin of the struggle for freedom of speech he says:

But conditions have changed since the early days of the original fights for freedom of expression. Now a relatively small number of great printing presses turn out a large part of the actual reading material of most people. A few transmitting stations put out all the broadcasting heard effectively by the population of a whole region. A handful of men control the making of most moving pictures seen by millions. In effect a small number of men —publishers, broadcasters, film organization heads— can control a large part of the ideas and impressions and opinions that reach the minds of most people.

I think that if we are realistic we have to admit that an inherent danger to a genuinely free and fair interchange of ideas has developed from the concentration of so much power over means of mass communication in the hands of so few. I am very conscious of this myself because I and others of the C.B.C. belong to the few, together with controllers of publishing, film and other broadcasting organizations.

Further down he says:

There is true freedom in mass communication only if ideas which happen to appeal to lesser numbers of people have a reasonable opportunity to be heard. Then people as a whole have a chance to weigh and choose, and perhaps change their minds, for themselves. The essence of freedom lies in freedom to choose from a variety of alternatives; if there are no alternatives—in kinds of ideas and material presented—there can be no freedom of choice.

I think that final sentence from Mr. Dunton's speech is one that deserves to be echoed.

The essence of freedom lies in freedom to choose from a variety of alternatives; if there are no alternatives—in kinds of ideas and material presented—there can be no freedom of choice.

Please do not misunderstand what I am saying on this point, Mr. Chairman. I am not saying that the Canadian Broadcasting Corporation does not attempt to provide a variety of ideas or a variety of programs, but I am saying that no one organization can fulfil the specifications of freedom laid down in this penetrating observation of Mr. Dunton

if the ideas are coming from one organization or in local areas from one station or one source. That is why this policy of fostering monopoly is fraught with the utmost dangers. It is a policy that has run too long. It is a policy that, in my submission, must be abandoned. It is true that you cannot force people to listen over the air. Listeners retain the freedom to turn the dials and shut off the machine. But the fact of the matter is that as long as it is government policy to attempt to confine people to one source in this rapidly developing means of communication, television, the effects and influence of which on the minds and lives of people are simply incalculable, we are courting a danger to the very fundamentals of our whole conception of freedom.

I do urge upon the house that the house address itself to the imminent, pressing perils for Canadians of a policy of monopoly which this government has deliberately followed, has deliberately fostered and to which it still unrepentantly adheres. This policy must be put aside. The government must cease to impose monopoly upon the people. Encouragement should be given, with all the safeguards that are available under law, to permitting people to have alternative sources of communication in this important and rapidly expanding field. The time has come, Mr. Chairman, for a drastic change in our policy in relation to regulation in this field.

Mr. Coldwell: Mr. Chairman, this estimate always provides an occasion to discuss matters concerning the Canadian Broadcasting Corporation. I may say that usually during the preceding year I have had the opportunity to view and hear a good many of the programs or have been directed to them and have heard them pretty thoroughly discussed by someone who listened constantly. This year I am not quite in that position, but in spite of the criticisms that have just been levelled against the Canadian Broadcasting Corporation I want to remind the committee—

Mr. Fleming: On a point of order, Mr. Chairman: I thought my criticisms were directed against government policy, and I expressly dissociated the C.B.C. from the policy that was imposed upon them.

Mr. Coldwell: It is very difficult to distinguish between criticism of government policy in this field and criticism of the corporation itself. After all I want to say to my hon. friend that the foundation of this system was laid not by the C.C.F. nor by the Liberals, but by the government of the late R. B. Bennett and the Conservative party. When Mr. Bennett introduced a measure for setting up the radio broadcasting commission in 1932, upon which basis the Canadian Broadcasting Corporation was subsequently set up, I recall that the fundamentals of the measure received the support of the party leaders and I believe the unanimous support of this house.

As I said, I am not so familiar personally with the programs this year as I have been in other years, but when I look at the record of what our broadcasting corporation has done throughout the years, particularly during the past year, I find this. Considering the record of television first, I may say that a year ago this week, June 2, 1953, I had the privilege of witnessing that remarkable television account of the coronation. I thought it was handled by the Canadian Broadcasting Corporation, and by the B.B.C. of course, with dignity. It was something of which the B.B.C., the C.B.C., and of course the R.A.F. and the R.C.A.F., who made possible the quick transmissions of the films to Canada, can be proud. As a matter of fact, I noted that program was awarded the Sylvania television award for 1953, which is a presentation by the Sylvania Electric Products Corporation. The judges were a panel of judges headed by that very well known commentator, one whom we used to hear commentating during the philharmonic concerts from New York on Sunday afternoon, Mr. Deems Taylor.

This award was given for outstanding contribution to creative television programming and was presented to the B.B.C., the C.B.C. and the A.B.C. for the wonderful coverage of the coronation. I believe I might read part of the citation. The award was given:

> . . . for more than speed. It includes our recognition of the dignity and good taste, in keeping with the solemnity of the subject displayed by ABC, and we tender our thanks to the BBC for its initiation of service and to the CBC for its part in retransmission.

As one of those who witnessed that program, and perhaps because of my own church affiliation, I appreciated the fact that the coronation itself was introduced into what is perhaps the most solemn and beautiful service of the Anglican communion, and I felt very pleased indeed with what was done in that regard.

If we look at the radio broadcasting awards that have been given the C.B.C. during the past year, following as they do similar awards in other years, we find the following summary prepared by my office from the newspapers. The C.B.C. won six first awards in five different programming categories and three honourable mentions for programs in a competition with United States programs at the eighteenth exhibition of

educational programs held at Ohio state university this year. It is interesting to note how these great private organizations in the United States fared. The N.B.C. received one special award, one first and one honourable mention. The United Nations radio—of course, that is not a private organization but a public one—received two first and the Mutual Broadcasting Company, a private company, received one honourable mention. I feel it is well to have on the record the C.B.C. programs that won first prizes. They were: Trans-Canada matinee; Wednesday night, for the productions of "1984"; "Press Conference"; the presentation of the play, "The Vigil"; the children's program, "Roundabout"; and the program "Cuckoo-Clock House".

I think that is very interesting and is a very effective answer in many respects to the criticisms that are made, both of the policy under which this parliament operates the C.B.C. and of the C.B.C. itself. I feel we have to bear this in mind, that television and radio are monopolies. To the organizations operating these stations, we allocate airways. No one else can use those airways, so once we allocate them they are monopolies. In my opinion, since it is a natural monopoly, it should be under public control. My hon. friend criticizes this monopoly, but I should like to hear him criticize some other monopolies in this country. I should like to hear him criticize the Bell Telephone Company in this part of the world. I should like to hear him criticize the Aluminum Company of Canada. I should like to hear him criticize the International Nickel Company, and a number of monopolies that exist in this country, and which no attempt has been made to curb. If we are going to have criticism of what is a natural monopoly, which I think we must keep under public control, then by the same token surely we should see to it that we curb private monopolies that are not natural monopolies even if they are built up on the natural resources of the country.

I mentioned the coronation program because I believe it made a very deep impression on all the people who witnessed the dignity of the service, and the manner in which the film was presented in contrast with the manner in which it was presented in the United States. One of the great broadcasting organizations there introduced a gorilla or chimpanzee in the middle of the program to advertise a private product. This indicates the extent to which private organizations will sometimes go in order to display advertising.

Another thing that I have in mind is that I noticed the minister said that private television stations—I am not saying that there should not be private television stations—are being supplied with productions by the C.B.C., and that some of these will have to be supplied with kinescope. I am asking the minister this question. What revenue does the C.B.C. derive when it supplies these private stations with programs that must cost the C.B.C. a great deal of money to produce. To what extent do they pay for the films that are made available by the C.B.C.? It seems to me that if we are thinking of television, we should know something about that. When we have a direct network program across Canada supplying programs to both private and public stations, as the minister intimated that is going to be very costly. I feel we should go into the division of costs very thoroughly indeed.

May I add that I was talking a few days ago to a gentleman for whom I have quite a lot of respect, who operates a station of which I have some knowledge and which is a good private station. He was asked if he was going into television. He said he did not know, because after all it would cost from $250,000 to a half million to set up a television station in the area where he lived. I venture to say that only big money can put stations of that description into operation. And if we are going to rely entirely on big accumulations of money to build our television stations we shall be in the same position as we are in some areas of this country where we have only one outlet in the form of newspapers—areas where there are single newspapers owning broadcasting facilities and moulding public opinion, just as well as attempting to control it in the areas in which they operate.

It seems to me that if we are going to have freedom of the press, freedom of opinion and the like, we must consider this matter very carefully. And then I think that, so far as I have been able to see, both in its television and in its sound broadcasting the Canadian Broadcasting Corporation is trying to give to us various types of opinion, however they may differ. And these opinions are expressed over radio and television. As all of us know, from time to time there have been complaints about the freedom of speech that has been exercised on the C.B.C. national broadcasting system.

I listened to the extract from the speech delivered in Saskatoon by Mr. Davidson Dunton, and quoted by the hon. member for Eglinton, and my interpretation of that speech was somewhat different from that placed upon it by my hon. friend. I think what the chairman of the broadcasting corporation was pleading for was more tolerance and more free speech on the radio. I venture to ask this question: Would that be obtained

or assured if there were private control of television and radio in this country? I venture to say it would not. Moreover, when the Massey commission reported to the house —upon which the present policy of the house, not the government, is based—it made these very points to which I now refer.

Let me now say something about Canadian talent. This year we have not had a radio committee. I suppose that probably we shall have one next year. I think it is a good thing to have the broadcasting corporation appear before a parliamentary committee. However, because we have not had a committee, we do not know to what extent Canadian talent is being used by private stations. We know that when the committee met in former years we were told that very little encouragement was given to private talent by some—not all—of the private stations in Canada. It was shown that, as a matter of fact, private talent was largely developed through the C.B.C.

There are one or two exceptions to this. I would like to pay my respects again to a private company, Canadian Industries Limited, for its very remarkable program in developing private talent, "Singing Stars of Tomorrow". I have often wished that program had been undertaken by the C.B.C.; but I suppose, owing to the fact that a substantial sum of money is given as awards, it might have been the subject of criticism in the house.

Mrs. Fairclough: They get a deduction in their income tax.

Mr. Coldwell: My hon. friend says that they get a deduction in their income tax, which the C.B.C. would not get. However, be that as it may, let me pay my respects again to that most excellent and interesting program. It is one program to which I have listened consistently on Sunday evenings all through the years—with the result that I have not been able to listen to "Stage 54" as well. And may I say to the corporation that I wish some means could be found of having those two programs at different times. I used to enjoy the Stage series very much indeed a few years ago.

Then, some of the other programs put on by the C.B.C. are worth mentioning. One should draw attention to the manner in which Canadian talent has been improved and encouraged through C.B.C. opera and C.B.C. drama. I did hear in this past winter the production of "Julius Caesar" over the air, as one of four, I believe, drama broadcasts. It was remarkable. I have seen "Julius Caesar" played on the stage, and only recently I saw the film—and may I say I did not care for the manner of its production.

I did think however that the manner in which the play was performed by the C.B.C. drama company was beyond expectations, and reflected great credit upon those people who were participating in the program.

After all, such programs are important; because if we are going to build up the kind of Canada in which many of us believe, a Canada which will be prosperous materially, we must have a Canada that will match its material prosperity by its cultural development. I do not believe money is wasted when we spend it to encourage drama or to encourage opera, or when we spend money to buy good pictures for our national gallery, or to build and establish a national library.

All of these are cultural assets; if we are going to build a great nation materially we must build it culturally as well. If we are to be an independent nation, free from control by the ideas of the great nation to the south, then it seems to me most important that we have an organization that will control the kind of programs we get over television and over radio, to see that they are Canadian in background and in outlook.

Because, as we all know, radio and television are potent means of propaganda and education. I was not here when the radio broadcasting commission was set up, but I was here when the present corporation was set up. I believe those who established the commission had the same views as those who set up the corporation. And certainly those who voted for the corporation in 1936 held the view that what we were trying to do was to promote a Canadian system of broadcasting which would be used to build up the national life and culture of this country.

Now, I want to say something about revenues. It is quite true, as the hon. member for Eglinton has said, that the amount collected under the excise from the sale of television and radio sets now going to the C.B.C. has assumed very considerable proportions—larger than was estimated last year. But I have always been a bit troubled about this method of financing the corporation. We have had tremendous developments in television in Canada, and we may have even greater developments in the next few years. So long as people are buying radio and television sets, the C.B.C. will have very considerable revenue. But there will come a saturation point, surely; and when that saturation point comes it seems to me parliament will be faced with a problem.

While we supported the abolition of the licence fee, nevertheless some other more stable form of financial support for the Canadian Broadcasting Corporation and its television activities will have to be found sooner

or later. That is something we should keep in mind when the committee meets next year. We should get some estimates from the broadcasting corporation as to what the outlook in the future may be regarding this revenue.

I do not want to say a great deal more. It is quite true that this house should know what revenue is being received. It should know how that revenue is being spent. I suppose it is very difficult to give breakdowns today because we have not got the final report of the operations of the corporation for the last year. That is the advantage of a radio committee. Across the floor of this house we indulge in debate on various phases of government policy or of government operation. But when we get the corporation or the organization before a parliamentary committee, with the officials there who can speak for themselves, we can go into these matters much more thoroughly.

There are other programs that I have not mentioned this afternoon that are of great value. School broadcasts and the manner in which they are undertaken, for example, are a great aid to the schools of Canada. I hope that they will not only be continued but will be expanded. I want to say that I personally have confidence in the general work that the corporation is doing and for which we are paying. It is true that in various areas the corporation must of necessity have a monopoly in the district because, as I have indicated, television is such an expensive operation, and the cost of producing programs so great that if we are to have the type of program we must have, we cannot have half a dozen trying to produce programs and using available facilities to produce programs that are inferior to what might be done through joint public effort. It seems to me that is one of the great advantages of having the kind of television we have at the present time. The awards to which I referred, given in the United States for our Canadian radio and television programs, are eloquent tribute to what is being done. Of course great improvement is possible. Therefore, Mr. Chairman, I hope that a committee will be set up next year, and instead of our talking across the floor, without all the information we should have at our fingertips, we can go into the operations of the corporation much more thoroughly than we can this year.

Mr. Hansell: We are happy once again to be able to join in this debate in respect to the appropriations now being voted for the Canadian Broadcasting Corporation, both in the sound radio field and in the television field. Over the years we have voted a tremendous amount of money for the Canadian Broadcasting Corporation. We are now called upon once again to vote considerable sums for that organization. We have not vigorously opposed the voting of moneys to this corporation, but one thing we do want to make plain is that when we are voting such moneys for the Canadian Broadcasting Corporation, which is a government-owned corporation, it must expect to be open to criticism, perhaps serious criticism, and sometimes harsh criticism. I am quite sure, because of the fact that those in authority in the Canadian Broadcasting Corporation are human, as we all are, they may, because of human tendencies, resent some criticism; yet on the other hand I am quite sure they are men who would appreciate honest, fair and constructive criticism.

We are not the only ones in parliament of course who are critics of radio and television policy. We have found that the press of this country have also been critics of the present government policy with respect to radio and television. Not so very long ago an article appeared in *Maclean's* magazine. I do not know whether the minister would care to comment at all on the article, whether it is a correct appraisal of the situation, or whether it is out of line. I do not expect the minister to take account of everything that is written in the press of Canada with respect to government radio policy. If he took time to do that, perhaps he would not be doing very much else. The article did contain an appraisal and an analysis—although of course it was critical—of present radio and television. It applied particularly to television policy in Canada. The criticism appearing in *Maclean's* magazine, I believe in the early April issue, was written by Mr. Scott Young. It was based on the fundamental principle that government control of television and broadcasting is precisely the same as government control of the press and publications generally; that such control is a well recognized feature of dictatorship, whether communism, fascist, or nazi, and therefore has no place in a free country.

In his analysis Mr. Young pointed out what the government's aims really were in respect to television policy. He lists three or four of them. One is, it is supposed to serve all tastes. Another is to keep television Canadian in belief and ideas with the allied point of subduing United States influence. Quite a lot of discussion has taken place about United States influence. Perhaps it is partly justified, I do not know; but I am not so frightened as some appear to be of the influence that might come to us from our good neighbours to the south, although there are some practices there relating to television and radio that I would not want to see adopted here. I hope parliamentary

committee investigations will not be televised. It lowers the dignity of our parliamentary institutions, and it does no particular good to portray in this dramatic fashion the entire truth of those investigations. I think very largely that in the United States in televising the various congressional committees, such as the Kefauver crime committee of a few years ago, and the recent committee on subversive influences, the intentions of the authorities may have been good, but it has eventually worked out to be rather a dramatic farce. I hope personally the time will never come when such a thing is repeated in this parliament.

However, on the broad principles I am not so worried as some people seem to be with respect to American influence in this country as far as radio and television are concerned. As a matter of fact, we are having it now; we have always had it; and some of the best and most popular programs over our networks, and this will probably be the case over our television networks for years to come, are American productions.

Another thing Mr. Young lists here as government intention as regards TV is to maintain good taste, and in addition to avoid commercial influence while making television pay its way. Mr. Young points out in his article that these objectives have not been reached by any stretch of the imagination.

For example, he analyses a weekend review of television which might be seen on any television station. I will quote from the article I have here in my hand which appeared in the Winnipeg *Free Press*, and which is more or less a summary of Mr. Young's article. He states:

> For instance, if the week were average and they were watching CBLT-Toronto they would see about 65 hours of television. They would see 17 elderly movies, mostly American and some quite good, and in the time not taken up by movies they would see 24 commercial programs produced in the United States and sponsored here by American companies whose products also sell in Canada.
>
> They would see six Canadian commercially sponsored programs, a fraction of the number C.B.C. had hoped to sell. On a time basis, only about 45 per cent of what they saw would originate in Canada, . . .

That shows how far we have fallen short of making our TV really Canadian. On a time basis only 45 per cent of what they saw would originate in Canada.

> . . . 50 per cent or more in the United States, the rest in Britain—a very broad interpretation of the C.B.C.'s feeling that a majority of its programs should be of Canadian content.

Mr. Young also analyses the financial picture as to what might have been expected according to the announcements made previously by the appropriate authorities, including the minister. He states:

> Of the $22 million spent by C.B.C.-TV in its first 19 months of operation, the $11 million for capital outlay must be considered a long term investment. But a return of $1,750,000 in advertising revenue for the remaining $11 million of operating costs is a figure that has only one explanation. No one ever should have expected, let alone promised, that TV under the C.B.C. system could ever pay its own way.

Now, Mr. Chairman, I have listened with interest to the previous speeches made here this afternoon on this item and I quite realize that the speech of the spokesman for the Progressive Conservative party and that of the leader of the C.C.F. ran true to form. I do not blame the leader of the C.C.F. for taking the attitude in his speech that he has always taken over the years, because he thinks of all things in terms of a socialist concept. Nor can I blame him for supporting the Canadian Broadcasting Corporation in practically everything it does. He has supported them over the years simply because to a very high degree the Canadian Broadcasting Corporation is socialist in concept.

However, Mr. Chairman, I want to comment on one or two things the hon. member for Rosetown-Biggar said, and I do not want to comment in too harsh a fashion. I think there were some things left out, some things he did not say, that are perhaps as significant as those he did say.

He said he enjoyed most of the programs over the C.B.C. No one can criticize him for that. While I am not a radio fiend, one who sits at his radio day and night, and I do not own a television set, because there is not a television station within about 1,000 miles of my home—and I do not expect there will be for some little time—I must confess that I enjoy many of the programs that come over the Canadian Broadcasting Corporation stations.

But the hon. member for Rosetown-Biggar spent considerable time applauding the C.B.C. for its televising of the coronation. I did not see it over television and I suppose they did a good job. I am quite willing to give them credit for that. I saw the coronation in the motion pictures and I too was very much impressed. But the thing my hon. friend did not say was that the televising of the coronation over the Canadian stations was merely a televising of the film. Well, now, there is no trick in televising a film. The trick is in producing the film in the first place. The good job I thought the Canadian Broadcasting Corporation did was the most important one of getting this film over here without any delay.

I think they are to be commended on that, for it was seen here practically within hours of the actual coronation taking place. It is nice to laud that program, but I would point out that that was not merely a feature of the Canadian Broadcasting Corporation. Any TV station which had a similar film could have done the same job.

There are good programs on the C.B.C., and the work the C.B.C. is doing is commendable. This group has never criticized the Canadian Broadcasting Corporation for the way in which it is conducting its own affairs in respect to the programs that it puts on. What we have criticized is the government radio policy in Canada of permitting the C.B.C., which is a government institution, to be a monopoly.

The hon. member for Rosetown-Biggar said, "Yes, but there are other monopolies," just as though one wrong justifies another. But that is not so. I do not know what control the government may have over commercial monopolies such as that mentioned by my hon. friend, but they certainly do have control over radio and television in Canada and they seem very determined to maintain that control as a monopoly. Just because there are other monopolies does not mean that this one should continue to exist.

We have not even criticized—not too harshly, at least—the method of financing the Canadian Broadcasting Corporation. We have not vigorously opposed these expenditures. In our speeches we have said that we believe a good deal of the expenditure could be cut down. On numerous occasions we have said that if private radio stations were given the opportunity of carrying on a separate network and were given more latitude in the operation of radio and, in the future, of television, money could be saved. We have advocated and said—I personally have said it from time to time and I still believe it—that the Canadian Broadcasting Corporation, although government-owned, should be able to function on a commercial basis side by side with independent and private radio, and that if independent and private radio can "make a go of it" financially, the Canadian Broadcasting Corporation should be able to do the same thing. But even though we have said that, we have been willing to subsidize them. We have been willing to subsidize them for those sustaining programs that do not bring in any revenue. I do not think that we could be any fairer than that.

We did not vigorously oppose the new policy introduced a little while ago, namely, that of doing away with the licence fees and the collection of the sales tax on radio and television equipment; we did not vigorously oppose that policy. That is a nice handsome sum that is coming to the corporation over and above the commercial revenues which they receive and which would not be coming to private radio. Yet private radio could handle the job without that subsidy. As yet we have not vigorously opposed that procedure; we have not vigorously opposed subsidizing of the C.B.C. But what we have opposed—and I repeat it again—is the placing of the control of radio in the hands of the corporation which controls its competitors. That is the position we have taken, and I think that is the most sensible position that anyone could possibly take.

The hon. member for Rosetown-Biggar spoke in terms of independent radio control —I think that was the phrase he used—as though those of us who may be critics of the corporation were wanting to put the control of radio into private hands. We have never advocated that course. What we have advocated is that a separate regulatory body be set up. It could be easily set up by nominations coming to the government as to the personnel of such a body. I do not care whether it is called a commission or something else. The government could appoint one member; perhaps they could call upon the independent stations to appoint another; and perhaps those two could even appoint a third. Those are incidental details about which we are not greatly concerned. However, we are not advocating, as the hon. member hinted—I do not think that he perhaps did it intentionally; it may have been a slip of the tongue—that private radio should be the controlling force of radio in Canada. We have recommended that certain phases of radio and television should be controlled but have maintained that they should not be controlled by the government-owned Canadian Broadcasting Corporation.

There is one other matter upon which I should like to say a few words. The speech of the chairman of the board of governors of the C.B.C., as it was given at the convocation of Saskatchewan University, has been brought into the picture. I did not hear the speech but I know the gentleman well enough to know that his speech would be carefully given. I would not think for a moment that Mr. Dunton would advocate a tightening up of the control of speech; I do not think he wants that. I can quite understand his advocating, in his speech, the greatest measure possible of freedom of speech; I quite suppose that he did that. But according to what I have read in the papers I believe that he may have made just a little slip. I am quoting from a newspaper article which reports that in the course of his speech he

said this—I might say that the article is from the Winnipeg *Tribune* and it reads as follows:

> The C.B.C. chairman warned that there was a danger to the free and fair interchange of ideas when power over mass communication was "in the hands of so few".
>
> He went on to say: "I am very conscious of this myself because I and others of the C.B.C. belong to the few, together with controllers of publishing, film and other broadcasting organizations".

The point of this newspaper editorial and the point I want to bring out is simply this. We can place the Canadian Broadcasting Corporation in the same category as that of other mediums of publication, as far as the principle of publication is concerned. I want to make that point clear. In my own mind the Canadian Broadcasting Corporation is just as much a medium of publication as is any newspaper or any motion picture theatre. I put them all in the same category. I do not think there can be any denial of that statement. The Canadian Broadcasting Corporation puts on plays and feature programs, so do the newspapers and so do the magazines of our country—the only difference is that in the one instance the vehicle is the spoken word and in the other it is the printed word. The Canadian Broadcasting Corporation also put on newscasts, and they are to be complimented on the way in which they are given. The newspapers also publish news. That is what they were originally intended for. That is why they are called newspapers. The newspapers advertise in their columns. The Canadian Broadcasting Corporation also advertise by reason of their commercially sponsored programs. Comparing them as mediums of publication, one can find no difference.

The one difference is this. The chairman of the board of governors linked himself with the publishers, producers of motion pictures and other radio station operators, and thus indicated that there was an association. Recently we have heard a great deal about the imposition of guilt by association. I am not going to say that there is any guilt in this case. I think the opposite is the case so far as his speech is concerned. What he has determined is more or less a type of responsibility by reason of association, and that is all right. I am not criticizing that, but where the difference arises is that in the case of radio and television there is a monopoly of control. Anyone in this country who can raise the funds can institute a newspaper or publication house for the printing of literature if he wishes to do so without having to go to some higher national body for a licence. The same thing is true with respect to motion pictures. Anyone can take motion pictures. I have a motion picture camera myself. Anyone can go into the business if they want to and nobody is going to stop them.

There are many motion picture producing companies in Canada. I have a return in my office which I forgot to bring to the chamber that indicates there are many motion picture producing companies in Canada. I have forgotten how many there are, but anyone can start such a company if they want to do so. You do not have to have a licence unless it is a business licence in a city or community in which the company is established, and that is only a matter of routine.

The fact of the matter is that the difference between the various mediums of publication is that the C.B.C. controls its competitors while the other mediums of publication are free, and that is a very basic difference. In the past we in this party have advocated two things. We have advocated that the radio committee should be made a regular standing committee that would meet every year. I am not going to take any time now on that point. The other thing we have recommended, and I have mentioned it previously, is that there should be a separate regulatory body. We can talk how we like and try to pare down the view that the C.B.C. is not a monopoly, but it still remains a monopoly. It remains a monopoly in three spheres.

In the first place, to a very large extent it is a commercial monopoly. I want to be fair in analysing that particular point because it is not true to say that it has a complete monopoly of commercial broadcasting. The independent radio stations are getting along reasonably well financially, and I do not think that they are complaining too much about that. They are paid a nominal sum for carrying the commercial broadcasts that are sent out over the networks by the Canadian Broadcasting Corporation. But nevertheless there is a certain degree of monopoly in the commercial field, particularly in national network commercial programs.

I have been referring particularly to sound broadcasting, but we are now entering the field of television. It is still in its infant stage, and I must say that so far as licensing is concerned I think the field should be pretty well wide open so that private television interests can develop television in Canada wherever it is possible to obtain a channel in order that private industry may to a large extent bear the financial responsibility of the expansion that must take place

within the next few years in this field. Otherwise we are going to have a monopoly of commercial television broadcasting in Canada. I am most sincere on that point.

The hon. member for Rosetown-Biggar pointed out that in talking to one man he asked him if he expected to go into the television field and the man said that he did not know, that it would cost him a lot of money to get started, anywhere from $150,000 to $500,000. That may be so. I will not doubt that but that is all the more reason for giving the private television interests all the encouragement possible to go into the field. If it costs so much, then it is going to cost equally as much for the Canadian Broadcasting Corporation to cover the entire area of Canada.

While it may cost a good deal in the initial stages to engage in the operation of a television station, it can be a fairly good paying proposition. I do not know whether it is altogether accurate for me to compare Canadian figures with those of the United States, but I have an article in my hand from a magazine known as *Tide* to which I should like to refer. It is an old issue of three or four years ago. I am not going to read the article but it does give an account of a television station in a community with a population of 28,000 people. That is a small city. I think the population of the city of Lethbridge would be about 25,000.

Mr. Hahn: New Westminster has 28,000.

Mr. Hansell: The hon. member for New Westminster says that New Westminster has 28,000. But of course there is a difference because any television station in New Westminster would reach many more than 28,000 people. It would reach a population of well-nigh a million people in that area. But here is the community of Bloomington, Indiana—I might as well give the name—with a population of 28,000 people, and yet within two years the television station there was operating at a profit. As I say, I do not know whether it is completely fair for me to compare that with Canada, but I do not see why the figures should not be reasonably comparable.

I have been talking about monopoly in the commercial field. I should also like to say a word concerning monopoly in the cultural field. I believe we are going astray in our thinking when we say that the Canadian Broadcasting Corporation has responsibility for the cultural interests in the nation. In my opinion culture is something that you may aid through radio or TV. You may do that just as well, I suppose, as you can demoralize the life of the people by the same process. I realize that, but a lot of these things, such as culture and the social complex of many things, originate very largely and are the responsibility of the home and other institutions.

I refer to this because it has been said often that the plowing of money into the Canadian Broadcasting Corporation is not lost by reason of the artists developed through their activities, the encouragement given to musicians and artists of one kind or another. I maintain this, and I think I am right, that talent is not produced by radio or TV, but talent is something that is inborn. Talent is something that is not trained; it is something that is discovered. I say it is a misconception to lean over backwards in our thinking or to be too much concerned with what the Canadian Broadcasting Corporation is doing to develop a certain type of culture in Canada. If they do insist upon that, then I say that is all the more reason why TV and radio should have more opportunity. I do not believe you can discover or develop culture by going through one individual channel.

Who is to decide what type of culture we want in Canada? Culture comes from all directions. In Canada we are in a particularly favourable position in that respect. We are a people of various racial origins bringing our various cultures from various parts of the world. If those cultures could be brought together in some way or other, we could produce a tremendous Canadian culture that would be comparable with any in the world. But it should be free; it should be open. All the airways and the TV channels should be open to the entire country and the material should not be all put through one particular channel.

Then I come to what is most important of all. I have not kept my eye on the clock, and I do not want to go over my time.

The Chairman: Order. Perhaps I should have advised the hon. member that his time had expired, but I presume the committee has been giving unanimous consent to the hon. member continuing.

Mr. Hansell: Thank you very much, Mr. Chairman; I appreciate that. I shall only be a minute or two, otherwise I would have to rise a litle later. I come now to the very serious principle of thought control. I know there are many officials in radio, particularly in the Canadian Broadcasting Corporation, who are willing to say, "We do not want to channel the thinking of Canada through only one medium." I believe they are honourable men. Nevertheless, the principle is there, and all the apparatus is there; the organization is there. If you have control of the one

medium in Canada that controls all radio and TV throughout the country, then of necessity you cannot escape being charged with monopoly of thought control. There is only one channel of thought control. That is a monopoly more vicious than any other control to be found anywhere, and much more vicious than the monopolies mentioned by the hon. member for Rosetown-Biggar. Perhaps the International Nickel Company is a monopoly, but what can nickel do? It is only a piece of metal. I do not believe that nickel has any brains.

An hon. Member: Thought control.

Mr. Hansell: The hon. member says "thought control". I cannot see any brains or the ability of nickel to think.

Mr. Pickersgill: Is that a reflection on an hon. member?

Mr. Hansell: If he is a nickel-headed member, I suppose it is.

An hon. Member: What about their ads?

Mr. Hansell: The hon. member refers to their ads, but that is a different medium altogether. It is the realm of publication again. This thought control is a serious thing because if there is one thing the dictatorships of the earth want, it is thought control. Here is the medium through which that very thing is done. I do not think I could do any better than to quote from a radio broadcast that was given by Chester A. Bloom. The pamphlet copy I have is entitled "The Threat of Thought Control". I wonder, Mr. Chairman, if I might read just one paragraph from it? It is enlightening. I quote:

> The real truth is that steady refusal to grant such fair rights can only be motivated by determination to maintain control over the thinking of the people of Canada. The government and the CBC are obviously determined to maintain the same kind of control over the public mind by means of television.
>
> Let me give you just one small example of how this works. The talk I am making to you today will be broadcast from 67 independent radio stations in Canada. If I were giving it over the CBC network, as I often have, it would go out simultaneously and at an immediate hour. But because it is to be given by independent stations served by an independent bureau, it had to be copied on 67 records and mailed out separately to each station. That means a long delay before it can go on the air. Obviously, it also means that no such broadcast can deal with immediate events. This is a subtle handicap on freedom of speech over the radio.

Now, Mr. Chairman, I quote that because I think it is pertinent to the discussion. I shall conclude by amplifying that quotation by saying this: No individual in Canada could broadcast to this nation over a national network unless he received permission or was invited to do so by the small committee of the Canadian Broadcasting Corporation. It does not make any difference what kind of message he has; it does not make any difference what kind of proposals he has to make; it does not make any difference whether he has a million dollars, he could not do it without first receiving the sanction of the Canadian Broadcasting Corporation.

Mr. Knowles: Would you want the man with the million dollars to have the right to buy that time?

Mr. Hansell: I know what my hon. friend means. He means that only those with money would be able to do it.

Mr. Knowles: You would have such persons controlling our thoughts.

Mr. Hansell: Well, if all the money was in the hands of one person or one corporation, I would say that is so. The same thing applies to the newspaper business, the publication business. It takes millions of dollars for a man to float a daily newspaper; but you can do that anywhere in Canada, if you have the money. Does my hon. friend object to that?

Mr. Knowles: Is my hon. friend satisfied with the treatment the press gives to members of parliament?

Mr. Hansell: Well, I don't know that I am but, believe me, my hon. friend should be.

Mr. Knowles: We thrive on the treatment they give us.

Mr. Hansell: Yes, you surely do. And even though that may be the case, I would give the press the absolute right to function as they do today, with the privilege given to any person or any organization to be able to float a newspaper and to have a representative here in the press gallery.

Mr. Pickersgill: May I ask a question?

Mr. Lennard: Oh, for goodness' sake, he is ten minutes overtime now.

Mr. Pickersgill: Does the statement by the hon. member for Macleod mean that he is repudiating the policy that the Alberta government followed in the press law a few years ago?

Mr. Hansell: Now, Mr. Chairman, I don't know if you are going to permit me to answer that or not. I want to answer it. Because, Mr. Chairman, that very question has been asked over and over again.

Mr. Sinclair: And never answered.

Mr. Hansell: And answered a good many times. Believe me, I have not been floating around from coast to coast in this country

without having that question popped at me a good many times. I have not read the papers of this country without having that bit of propaganda put to me a good many times—and also misrepresented, as is the intention of my hon. friend's question. Yes, I will answer the question. The press act to which my hon. friend refers was in no sense of the word control of the press, by reason of their being able to criticize or to comment in any way they wanted, editorially, in their newspapers.

Mr. Knowles: Explain.

Mr. Hansell: Yes, I will explain.

Mr. Pickersgill: I prefer the view of the supreme court in the matter.

Mr. Hansell: The supreme court's view was that it was unconstitutional for that government to put it in; that was their view. What the press act did was this, that when a falsehood was given out in a news report of government activity, then the government had the right to correct that report.

Some hon. Members: Oh, oh.

Mr. Pickersgill: If that is not thought control, what is?

Mr. Knowles: You were arguing against thought control.

Mr. Hansell: No.

Mr. Knowles: You were a minute ago.

Mr. Hansell: What I say is that the government claimed the right to correct that which was false, by a law.

Mr. Knowles: You mean that which the government said was false.

Mr. Hansell: So that the newspapers would print in equal terms the correct truth. What is wrong with that?

Mr. Knowles: Who determines the truth?

Mr. Pickersgill: "What is truth?" said Pontius Pilate.

The Chairman: We are discussing the estimates of the Canadian Broadcasting Corporation.

Mr. Hansell: I am only answering the question I was asked. The government should know what is the truth concerning its own actions. Let me ask the minister, who is a responsible minister of the crown, this question: Does he know the truth? When anything is reported about his department does he know the truth of that report?

Mr. Knowles: If he knew the truth it would make him free from the Liberal party.

[Mr. Hansell.]

Mr. McCann: My respect for other people prompts me to say that I believe what they tell me, and that they do not tell me anything else but the truth.

Mr. Hansell: Well, Mr. Chairman, the profundity of the minister's answer leaves me staggered and spellbound.

Mr. McCann: Mr. Chairman, I suggest that the time for levity has passed, and that we had better get back on the rail and discuss the estimates of the Canadian Broadcasting Corporation.

Mr. Hansell: Mr. Chairman, I will be glad to accommodate the minister. But let him not accuse me of getting off the track; it was my friend the Secretary of State who initiated it.

Now, I am against thought control.

Some hon. Members: Oh, oh.

Mr. Hansell: And I believe every member in this house is. I believe those who are enjoying a little humour at the moment, if one may judge by their laughter, are also opposed to thought control. And, even to say the worst, even though I did not agree with the Alberta press act, if it is thought control then I would be against it. But I do not believe it is.

The Canadian Broadcasting Corporation, with its control over sound radio and television, is the only medium through which there can be freedom of expression over networks in Canada. That is what I am opposed to. I will always oppose it. While I am reasonable in wanting the broadcasting corporation to stay out of the red, and while I am willing to cast my vote for appropriations wherever they are needed, while I commend them on the work they are doing, I must seriously and vigorously criticize government radio and television policy for its monopolistic principles.

Mr. Caron: Mr. Chairman, I do not intend to attempt to answer the opinions expressed by the hon. member of the opposite side as the hon. minister can ably do it. First of all, I should like to commend the C.B.C. upon the effort it has made in trying to give to the Ottawa area television programs which would satisfy both elements in the community. I believe however that they have not succeeded in this. I may be told that this is neither the time nor the place to discuss this subject, and it may be pointed out to me that permits are issued by the Department of Transport. However, those permits are given out or are refused in accordance with the policy laid down by the Department of National Revenue.

Not knowing exactly where to go I have taken advantage of the opportunity afforded this afternoon to ask the minister if anything can be done to meet the situation I shall describe. As I said before, the broadcasting corporation has made a noteworthy effort. But, under present circumstances, a large proportion of the English-speaking population of this area do not speak French, and it will be kept in mind that a considerable part of the programming is in French. Then, there is a proportion of the French-speaking population who do not speak English, and, again, hon. members will realize that a considerable portion of the television is in English.

As it is, neither the French-speaking nor the English-speaking portions of the population are fully satisfied. While the programs may be satisfactory in both languages, they do not satisfy those elements for which the television system has been established.

I know an attempt was made by station CKCH to establish another channel. This may not have come before the Minister of National Revenue. However I have spoken about it to the Minister of Transport and found that he was not opposed to the idea. But they are governed by the regulations which say that two television systems cannot be installed within a radius of fifty miles or so. I can understand that perfectly if the same broadcasts were coming from Toronto or Montreal over the French or English system; that is, if there were two of those systems in the same vicinity it would be too many. In Montreal they established a French system and also an English system, because there was a large element that was in need of that service. We have the very same situation in Hull and Ottawa. There is a large French-speaking element that would like to have the system that comes from Montreal in French, and there is a very important English population which has to listen to French programs coming from Montreal when they would prefer to receive the programs coming from Toronto. I really believe we shall never be able to satisfy the two elements, even after the trial is made, unless there is a change in the policy, such as has been done in Montreal, to permit another system to be established here. In other words, to have a system which would reproduce the programs coming from the French system in Montreal. I would ask the minister whether he would study the matter and see if there might not be possibilities of giving to CKCH, which is a well-established radio station here, and well-known as the French station of the region. the right to establish in the near future a station which would connect with Montreal, and thereby give better satisfaction to both the French and English-speaking population.

I know the hon. members for Ottawa East and Russell have been doing some work toward the establishment of a system of that kind. I really believe that the minister is well disposed. He has no intention of not trying to give to the population what it needs. Today I am asking him officially if it will be possible in the near future so to organize matters that CKCH would get permission to establish that system.

Mr. Lennard: Mr. Chairman, after all that has been said during the past few days in the house regarding the screening of the civil service, the armed forces and so forth, I have a question that I should like to put to the minister. It deals with Mr. Reuben Ship, who was the author of the C.B.C. program "The Investigator" put over "Stage 54" last Sunday. Did the minister or the officials of the Canadian Broadcasting Corporation know that Mr. Ship was deported from the United States during the past year or two?

Mr. McCann: Mr. Chairman, if the general discussion on this matter is finished—

Mr. Richard (Ottawa East): I have a few remarks to make. They will be brief, because I do not intend to—

Mr. Lennard: Mr. Chairman, I merely waited for an answer from the minister.

Mr. McCann: Mr. Chairman, it was decided that the general discussion with reference to the C.B.C. would take place. When the general discussion is finished I shall be glad to attempt to answer any of the questions. There are the questions of the hon. member for Eglinton and some that the hon. member for Macleod put and so on. I shall take occasion to answer all of the questions at that time. I could give an answer to the hon. member's question.

Mr. Drew: On that point, we had a misunderstanding before, and I do not want a misunderstanding again. The general discussion is not ended. I should like an answer at this point on the understanding that that does not end the general discussion.

Mr. Nicholson: I understood we were to proceed with the general discussion. Quite a number of us have waited for some time to say a few words. If the minister starts answering questions now and the rest of us are cut off, it will hardly be carrying out the understanding we had the other day.

The Chairman: Has the hon. member for Wentworth completed his remarks?

Mr. Lennard: I asked the question; I do not know the answer. If the Canadian Broadcasting Corporation did not know about this man, it is about time that they did, and it is about time they screened the employees of the Canadian Broadcasting Corporation to see whether they have any employees who should not be there. I do not know what the answer to the question is.

Mr. McCann: The C.B.C. reports that a play entitled "The Investigator" was broadcast last Sunday evening. The script was submitted by an outside writer and was accepted on the basis of its interest and dramatic entertainment value. The C.B.C. does not hold itself responsible regarding the personal or political connections of outside writers who may submit scripts. The corporation does, of course, take the responsibility for accepting and broadcasting any given script. That relates to Reuben Ship, the gentleman of whom the hon. member spoke.

Mr. Trainor: I should like to ask a supplementary question. Is there any editing of those scripts?

Mr. Richard (Ottawa East): Mr. Chairman, I do not want to review at length, as some have done, the activities of the Canadian Broadcasting Corporation, nor of broadcasting in general in Canada, but I do wish to join with others who have commended the officers of the Canadian Broadcasting Corporation on their excellent work and all the active members of our radio stations throughout Canada, whether they be private broadcasters or broadcasting on behalf of the Canadian Broadcasting Corporation. I am one of those who believes that private radio has its place, and that has been recognized in our system for a number of years.

A few moments ago someone mentioned the worthy efforts of some private radio stations in connection with certain programs. One of the greatest efforts put out by the private radio today is the community service given in the local areas. I think that the committee pretty well agrees that all in all there is general satisfaction today with the administration and the services that our people receive from our radio system. But a new field has come along in the last few years, namely, television. We have recognized from year to year the efforts of private radio stations, and we have established them in almost every part of Canada.

May I speak more familiarly of certain areas in my own part of Ottawa? For example, CBO is the Canadian Broadcasting Corporation station. Then we have three other private stations, and one additional one has received a permit but it has not yet been established. However, the same does not apply in the field of television. Up to now the policy which has been announced and followed is that in a certain area where the Canadian Broadcasting Corporation has an outlet there shall be no private outlet. One understands how that policy was developed in the first place. You cannot proceed at this stage with television as you can with radio stations. There is only one source of revenue. The revenue is not large and it cannot be tapped by everybody in the early beginnings of television as an industry.

On the other hand, there are situations where one must consider the service to be given to the population in a certain area. In Montreal the policy adopted was to give an appropriate service to the French language people by having two outlets, an English-speaking outlet and a French-speaking outlet. In this area for some time there has been a great demand for another outlet.

The Chairman: Order. I am extremely sorry to have to interrupt the hon. gentleman but it being five o'clock we must now proceed to consideration of public and private bills.

CANADA ELECTIONS ACT

AMENDMENT TO REDUCE VOTING AGE

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 390, to amend the Canada Elections Act (age of voters).

He said: Mr. Speaker, I believe that in a democracy we should have the widest possible basis for our franchise. Over the years progress has been made in broadening the basis for eligibility of voters. Gradually property qualifications have been abolished, voting has been extended to women and now every Canadian subject is allowed to vote on reaching the age of 21. But I believe there is just one group remaining in the country that should be given the franchise, and that is the group from 18 years of age to 21. I believe that that group should be given the vote, because if one looks over their education, qualifications, and their knowledge I think it will be seen that that group is the best educated group in Canada. I believe that their knowledge on public affairs is second to that of no other age group in the nation.

Over the years our educational standards have been going up. People have been leaving school at a more advanced age. In 1911 the average 18-year old had a grade VII education. Thirty years later the average 18-year-old had a grade X education. The

1951 census showed once again that the educational standards of the Canadian people are rising, and that the average Canadian had been in school .5 years longer in 1951 than when the previous census was taken in 1941.

At present a person is eligible to vote when he or she becomes 21, provided, of course, there is a general election at that time. We usually have a federal general election every four or five years, so that the average Canadian, in practice, is not able to cast his first ballot until he is 22 or 23 years of age. If we lowered the age of voters to 18 you would not give every person in Canada of 18 years of age a vote in a federal election at 18. That would depend on when the federal general election was called. It would mean that the average citizen would vote for the first time at the average age of 19 or 20, rather than 22 or 23 which is the practical result of having the vote at the age of 21.

I believe that a student coming out of high school should be able to vote as soon thereafter as possible, as far as age qualification is concerned. I do not think it lends itself to young Canadians keeping and maintaining an interest in public affairs to have a long gap of years between the time they graduate from high school and the time they are eligible to vote. I believe young Canadians would take a more active interest in public affairs if the voting age were lowered to 18.

We know that from our own experience in Saskatchewan. You can go out to Saskatchewan and you can campaign in a federal election, and you will find that your audience is older on the average than when you campaign in that province during a provincial election, because in Saskatchewan we have given our citizens the right to vote at the age of 18. Campaigning in a provincial election you find a substantial proportion of your audience are teen-agers, and I can tell you that they do take an active interest in public affairs; they do take their right to vote seriously; and they do attend public meetings. I think if they are encouraged in that way, by reducing the voting age, to attend political meetings at an early age that that interest is more likely to continue in the years ahead.

Saskatchewan is not the only province in Canada which has reduced its voting age. In 1944 Alberta reduced the voting age in the province to 19; in 1953 British Columbia reduced its voting age to 19. Saskatchewan, however, is the first and only province in Canada so far to reduce the voting age to 18. I believe that young Canadians between the ages of 18 and 21, no matter what other hon. members in this house may think and say, are responsible persons, and I think they are sufficiently responsible to be given the right to vote, and to be given the right to have a voice in public affairs.

Whenever the country faces an emergency, whenever the country is engaged in war, then we are quite happy to extend the voting principle to 18-year olds when they are in the armed forces. If we are prepared to do that when we need them to defend democracy in wartime, why should they be denied the right to vote in peacetime, the right to a voice in public affairs, and the right to a voice by the ballot in the decisions that will be made which may result in their having to don a uniform and lay down their lives for their country.

Canada was prepared to spend huge sums of money in giving a very intricate and thorough training to young Canadians during the war. They showed themselves capable of undertaking that training by assimilating knowledge, and they were able to operate very efficiently the most intricate and complicated instruments of war. Of this I am sure: Some day the 18-year-olds in Canada will have the franchise. It is just a matter of time. The trend is already apparent. Three of the ten provinces in Canada have reduced the voting age. Of another thing we can be sure, when the C.C.F. party becomes the government in any other province, the voting age will be reduced to 18. From two precedents I think it also follows that should the Social Credit party be elected in any other province in Canada, the chances are that the voting age in that province will be reduced to 19. Hence the trend is definitely for a reduction in the voting age. I am sure the age will be reduced to 18. It is only a matter of time; and I do not see why the time should not be now.

President Eisenhower of the United States is himself in favour of giving the vote to young Americans 18 years of age. He presented that proposal to congress in his speech on January 7 in these words:

> For years our citizens between the ages of 18 and 21 have, in time of peril, been summoned to fight for America. They should participate in the political process that produces this fateful summons. I urge congress to propose to the states a constitutional amendment permitting citizens to vote when they reach the age of 18.

Gerald Waring points out in his column that at least one section of another political party in Canada other than the C.C.F. is in favour of giving the franchise to 18-year-olds. In his column on May 6 he states as follows:

> Last month the provincial Liberal convention in Ontario joined the national C.C.F. party in favouring a reduction of the voting age minimum to 18 years.

Mr. McIlraith: They did not join the national C.C.F. party; they merely favoured the granting of the franchise at 18.

Mr. Argue: If the hon. member wants to quarrel with the way in which Gerald Waring wrote his column, that is all right; but to me it is perfectly clear that what he is saying is that the Ontario Liberal convention joined the C.C.F. party in favouring a reduction of the voting age to 18 years.

Mr. McIlraith: I am sure the hon. member would not wish to mislead anyone by his remarks; I am quite sure of that. I was merely pointing out that what the young Liberals did was to recommend that the franchise be granted at age 18. They did not join the C.C.F. party.

Mr. Argue: I am sure there is no move on foot by the C.C.F. to have the Ontario Liberal party join the national C.C.F. I am sure of that. We do not want the kiss of death now or at any other time.

An hon. Member: You have had it.

Mr. Argue: After President Eisenhower had called on congress to lower the voting age to 18, the matter was discussed in the United States senate. The proposition that the voting age should be reduced to 18 was passed in the United States senate by a vote of 34 to 24. In other words, the senators in the United States, by a substantial majority, are in favour of a reduction in the voting age to 18. That vote cannot result in the enactment of the necessary constitutional amendment because, in order to have such a constitutional amendment such a proposition must have a two-thirds majority. In this particular vote, the majority came close to but did not quite reach the necessary two-thirds.

I think the President of the United States is proposing something that is reasonable, sensible and progressive and something that the United States will adopt in time. Certainly the vote in the United States senate shows that a substantial part of congress is in favour of reducing the voting age. I hope that our government here will consider a reduction in the voting age and will bring in—if not during this present session, at least before the next general election—the necessary legislation to bring about this result. I naturally hope that the bill I am presenting will get the support of the majority of hon. members. However, if that support should not be forthcoming I am hoping that the government itself, before the next general election, will bring in legislation to provide for a reduction of the voting age to 18.

[Mr. Argue.]

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I just wish to say a few words on this bill. It is not the first time that this bill or a similar one has come before the house, but I did not avail myself of addressing the house on previous occasions. Before going further I naturally want to state that I agree fully with the first part of what the hon. member had to say. I am sure we all agree that universal suffrage is the goal today, in theory and in practice, of most governments throughout the world at the present time. However, even though that is the situation, we must all recognize the fact that there are certain inhabitants of states that cannot be given the right to vote. In this country and in most other democracies the only ones excluded are the insane and the minors.

Mr. Drew: And judges.

Mr. Jutras: In considering this bill the questions arise as to who is a minor and when a person ceases to be a minor. I realize that the tendency in this country—and indeed in many others—is to lower the voting age from 21 to 18. The age varies a great deal, even right in Canada. Various provinces have taken various ages, all the way from 18 to 21, but I believe there are several countries in the world where the age is still 25. This great hurry to get the people to vote no doubt flows from what I often think is our great hurry to get our children educated in this country. I sometimes wonder whether we are not nowadays trying to rush our education a little bit too much. In days gone by children would start to school at the age of 7; then they started to go to school at 6. Now they start at the age of 5, and even at the age of 4. There is a tendency to try to rush them through as soon as possible and to get them out into life as soon as possible.

I am quite satisfied that the average young man and the average young woman at the age of 17 in this country is quite responsible enough to exercise, and quite capable of exercising, his or her franchise in this country. However, the point that comes to my mind is this: Are we wise or are we fair in imposing upon them the responsibility of being obliged to cast a vote at that age? It is true that it is a great privilege to exercise the franchise in a country. But something more than a privilege is involved. Great responsibility is entailed in the exercise of this right of the franchise.

For one thing it would seem to me that to lower the age at the federal level would be premature in Canada at this stage. I must say quite frankly that I think the hon. member would have a hard time justifying 18

more than 19 or 19 more than 18 or even 17 more than 18. I admit it is very hard to draw the line, and the line has to be drawn more or less in an arbitrary way. Up until now the line has been drawn at age 21.

I do not think there are any very great reasons to justify lowering that age by even one year. I might at some time agree that there might be some justification for lowering it by one year or two years, but I frankly wonder whether it would be a service, as the hon. member has just said, to this class. Here again I do not know why he classes those from 18 to 21 in a special group. I wonder whether it would really be a favour to them to impose the responsibility on them of casting their vote.

Surely there does not seem to be any very keen desire on their part to exercise their responsibility at the present time. Taking the results of the last election, if they were to follow the example set by their elders, that would seem to be an indication that there is not a very keen desire on the part of any particular group to go to the polls on voting day. According to the results of the last election, even the older people did not go to the polls in the numbers that they should have. There is no doubt that even in the group from 18 to 21 the same attitude probably prevails. That is just incidental, but I thought I would mention it.

Even today when our children go to school at an early age and are rushed through as quickly as possible it is my experience that the average person at age 18, if he is going to take up a profession, is still in the process of getting his professional education, and he has not yet taken over the actual responsibilities of life or become interested in the intricacies and application of government. I think it is also true of the average high school student who, as the hon. member has said, may attend meetings, will still have fresh in his memory the knowledge of what government is and how it is constituted. They have the theory of government fresh in their minds but they have not yet had to deal with the application of the theory.

Mind you, there are a certain number who by the age of 18 are already established in life, but they would be a minority. The greater number of those from 18 to 21 are quite busy at that stage in deciding on their future. They have a very great decision to make. They have to decide how they will grapple with life in the years to come. For the most part their minds are quite preoccupied and they have little time for the actual application of politics in the country. I would question whether there is actually a long gap, as the hon. member said, from the time they leave school and become established in life and the time they actually cast their first vote. I would think in most cases the gap might be a year or two or three years at the most.

The point I should like to come back to is that these people will have plenty of opportunity to discharge the responsibility of voting in the years to come. I think it is not a bad principle to give them a chance to establish themselves and to become accustomed to their environment after assuming the full responsibilities of citizenship and all that goes with it. Then they are automatically and, generally speaking, naturally ready to assume the responsibility of the franchise.

Whether there is any great merit in having them break in gradually, so to speak, so far as voting is concerned is a very debatable question and one that could be debated for a long time. Inasmuch as some provinces have a lower voting age it would seem to me that the first step would be to give this group the vote first at the lower levels of government. I do not think it would be logical to have students or young people voting in federal elections when they did not have the right to vote in provincial or municipal elections. It seems to me they should be given the privilege first at the lower level. Once they have been granted the responsibility of the franchise at a lower age at the provincial level generally throughout the country, then in my opinion that would be the time to consider giving them the same responsibility on the federal level.

But it seems to me it would not be quite logical for them to start to vote in federal elections before they could vote at the lower levels. As far as I can ascertain at the moment, there is no great desire on the part of this group to cast their votes at that early age. I remember reading an article a few weeks ago in one of the local papers at home. In passing, I might say that it is a progressive and well illustrated weekly. I refer to the *Carillon News*. From time to time that paper makes it a practice to take a cross-section of public opinion and question people generally on various questions that arise.

A few weeks ago they questioned a cross-section of the high school students at the college and asked them if they were in favour of voting at the age of 19. I suppose they picked the age of 19 because the last provincial government that dealt with the question set that as the age. However, the response from the high school students was

very much divided. A great many held that they would rather wait a few more years until they were established. Some thought that they were quite qualified and quite ready to assume the responsibility. A week later the newspaper asked the same question of a group of senior citizens, and again opinion was very much divided. No clear-cut pattern was apparent in the minds of these two classes of citizens. Therefore I say that there is no great demand for such a move at the present time. If the age is to be lowered I would, as I say, much prefer to see it done first at the lower levels of government before it is done at the federal level.

I am not questioning whether the young people are responsible or qualified at that age. I am quite convinced that they are fully qualified and capable of casting an intelligent vote at that age. The question that I have in mind is whether these heavy responsibilities should be placed on their shoulders at that early age. Why not give them a little break until the age of 21 when they would have an even better working knowledge of the intricacies of life and the intricacies of the various levels of government.

Mr. G. H. Castleden (Yorkton): This bill, when it is passed, will make it possible for Canadian voters to exercise their franchise in federal elections when they reach the age of 18 years. At this time I wish to compliment the hon. member for Assiniboia (Mr. Argue) for sponsoring this bill and for the interest he is taking in the youth of this country. I believe that he is an example of what the young people of Canada can do when they get an early start and are interested in public affairs. At the age of 24 he was sitting as a member of this house, and is an example of what can be done by the youth of this country. He became interested in public affairs at an early age in the university parliament in the University of Saskatchewan. His interest in the future citizens of Canada and his faith in the ability of the young people of this country I am sure to a large extent have motivated him in sponsoring this bill and urging the young people to take a greater part in the affairs of Canada.

Some members in this house have opposed this bill on the grounds that young Canadians are too immature; that they are not interested in the affairs of state. If that is so, I feel it is a sad commentary on the educational standards of this country. One of the contributing causes of that lack of interest, if there is that lack, may lie in the very fact that they are not permitted to participate in these activities. They feel excluded. Do hon. members realize that in spite of the fact the qualifying age of voters is now 21 the young people of Canada who reached their 21st birthday on August 10 last will not exercise their franchise in the ordinary course of events until they are 24 or 25 years of age. If this bill were passed and the minimum age were set at 18, still the average age of a Canadian casting his first vote would be about 20. I maintain that at that age young Canadians are capable of exercising their franchise in a very real way.

If any precedent is necessary I would refer the members of this house to the record of the first provincial government in Canada to grant the right to vote to those who are 18. That province has taken the lead in social legislation, and improving within its own jurisdiction the conditions of the people. It is now one of the most progressive provinces in the whole Dominion of Canada. I can remember sitting in this house when a young man from that province sat here as the member for Weyburn. He was elected when about 31, and at the age of 41 he became the premier of Saskatchewan. He is now making a signal contribution to Canadian history in the form of progressive legislation. That government is really working for the people, in the interests of the people and is in truth governed by the people.

In that province we urge the young people to participate and to feel that they are a part of this Canada. We urge them that part of their responsibilities as citizens of Canada is to take part in the elections of that province. It has been my privilege to live in that province for over 50 years. I have watched the youth grow. I know something about them and their attitude towards public affairs today. They are capable and they are responsible. When Canada finds herself in the position when she must defend her shores and the democratic rights of government, there are no members in this house who say the young people lack ability; that they lack skill or that they are not responsible or mature. The records indicate that the youths of 18, 19 and 20 take on the responsibilities of men much senior to that, and exercise a judgment and skill that has placed Canada high in the records of those who fight for democratic rights.

Surely those rights should be granted in time of peace to these same people when they reach that age. If they are fit to go out and die for their country, surely they are fit to vote for the policies for that country. It is a well established fact that we learn by doing. How could we do better than to encourage the young people at the age when they learn easily to take part in government? This will

urge people to learn more about their government, learn more about the policies of government and learn more about the effect of government upon the history of their own nation. Surely that could be only for the good of any country. Surely the knowledge of the masses is the one thing that democracy needs. Only those who are the enemies of democracy would deny or talk against knowledge for the masses. The passage of this bill will be a move to encourage the youth of Canada to take an active part in the democratic processes by an early exercise of their right to vote. They will be ready to study the problems of the country and the means of solving them. Youth, when it is urged by proper motives, can achieve miracles.

I watched a young man who could not find his place in the classroom of an ordinary high school. He left high school and entered the air force. Suddenly he became imbued with the idea that he wanted to have the wings of the Royal Air Force pinned upon his chest. He could overcome almost any obstacle. He could study and master the necessary sciences. He passed and stood there proudly as the wing commander placed these wings upon his breast. This made a man of him. He did not know what he could do, his parents did not know his abilities, until he became inspired by a desire to achieve something. Let us support this bill as a measure which will inspire the youth of this country to make Canada the greatest contributor to human progress in the world.

Mr. J. M. Macdonnell (Greenwood): I am going to make a very sort contribution to this debate, Mr. Speaker, and perhaps I may be excused for making it rather personal. I have just been trying, as well as I can, to look back on my own life and try to assess myself as a voter between the years of 18 and 21. The result is not satisfactory.

Mr. Knowles: Has it been any more satisfactory since you were 21?

Mr. Macdonnell: There is a very obvious answer to that, I know, and anyone who wishes to make it can make it. I can only speak for myself.

I want to come to another point that has been referred to already, and that is the disappointing sense of responsibility that is shown even by those who have the vote, as judged by the performance at the last election.

The point I want to make is this. I have been reading an interesting book on the progress of civilization. It does not make one feel too happy because the whole purport of it is to show how civilization is becoming more and more a mass affair in which it is harder and harder to preserve individuality, and those qualities which I think civilization had more obviously fifty years ago than it has today. The same writer points out that on this continent progress toward mass civilization is growing faster than anywhere else. Partly for reasons given by the hon. member for Provencher (Mr. Jutras), I find myself with the feeling that what we need is not to add to the mass; what we need to do is to try to give people more time. Just as my hon. friend across the floor said, we should try to give the young people more time to prepare themselves for responsibilities which should be taken seriously, and which are not now taken seriously.

I suggest that to spread the vote out that much more will not produce the results which have been suggested by the hon. member who preceded me. It will not produce those results, except among a very few, and will make the vote something which is cast before people before they have any interest in it, and before they are likely to have any desire to take it seriously. And for that reason I hope this measure will not pass.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I am sorry this measure has come up in the way it has. When I say that I am referring particularly to the attitude of the sponsor of the bill when he seeks to make it a party measure, and has introduced for its support a line of provincial politics which has nothing to do with the issue or the subject matter. And he seemed to be supported rather strongly in that by the hon. member for Yorkton (Mr. Castleden).

Mr. Castleden: Mr. Speaker, I would like to point out that there was nothing in my address which would lead to that conclusion, at all.

Some hon. Members: Oh, oh.

Mr. Castleden: I merely pointed out an example of where it was being used.

Mr. McIlraith: In support of what I have said I would refer to the hon. member's remarks about the premier of one of our provinces, and the government of that province. This is a subject which has been of great interest to me for many years, and I had hoped that it would not be treated as the hon. member has treated it. With due deference, provincial governments have their own responsibilities and tasks and I, for one, object to having them dragged in here, and their merits or demerits constantly talked about. I regret that the hon. member saw fit to take this opportunity to drag it in, in a left-handed way, and then lay on the praise

for their operations. I would welcome the opportunity to discuss their merits or demerits, but it seems to me this is not the proper place to do it. The hon. member for Yorkton, of course, may have his views in the matter.

There is one other point that should be pointed out concerning the hon. member's speech. He made some comments about members of the armed forces that would have the support of all of us, but at no time in his speech did he admit that the armed forces already have the vote. On the other hand the sponsor of the bill was very clear on the point, and did make it clear in his remarks. The hon. member for Yorkton did not.

If one wanted to go into the background of this subject he would find that the party on this side of the house is the one that has carried the historic battle for the extension of the franchise. But, be that as it may, the situation in which we now find ourselves is one which I believe the whole population in Canada has pretty well accepted and agreed to the proposition that we should have the widest possible base among our citizens for eligibility to vote. I believe that is common ground among all parties.

The problem confronting those who concern themselves with the age limit in the elections act is that of deciding when a person has assumed the responsibilities of citizenship. And that is a difficult problem. It is not simply a matter of saying that at this age or at that age they assume those responsibilities. The law in most of its aspects gives them full responsibility at the age of 21. Generally speaking, the armed forces take them in at the age of 18 and, in some branches I believe, at 17½. In some parts of the services it may be younger than that. Where it is clear that citizens as members of the armed forces have assumed the responsibilities of citizenship in the highest way, immediately they are given the vote.

What we have to determine here is at what point a citizen not in the armed forces assumes full responsibility. Where is the line? About all one can do in the elections act is to choose an arbitrary age, and no matter what that age is, whether it be 21, 19, 18, 17 or at some other point, it is going to be possible to argue, and with real weight and authority, that there are some under that age who have assumed a very high degree of responsibility in the community. On the other hand it will also be possible to argue that there are some above the age who have not yet come to the full responsibilities of citizenship.

[Mr. McIlraith.]

The hon. member for Assiniboia (Mr. Argue) has referred to teen-agers attending election meetings. I would tell him that last summer I saw a great number of teen-agers under the age of 18 years who attended open-air election meetings. Following the hon. member's argument, those persons should have the right to vote. Let me say seriously that the training the young people have under our school system is indeed extraordinary in this respect. They have good information and a considerable amount of knowledge about public affairs. I mention this only to show that it cannot be argued that simply because a person under 21 years attends an election meeting he should be allowed to vote.

This question has been discussed at parliamentary committees which in the past have studied the elections act. The suggested change has been turned down. I, for one, have felt that while in the circumstances what was done was wholly proper, the treatment given the subject in those committees was scarcely adequate. To treat this subject adequately it seems that one would have to examine the whole question. One would have to look into our legislation which gives added income tax exemption for educational purposes in respect of those over 16 years. Deduction allowances for children for income tax purposes normally stop at the age of 16.

We have what I regard, and I believe is also regarded by members of all parties, as a very fine provision permitting the extension of that exemption beyond the age of 16 when they are continuing their education. I do not want at this late date in the session when there is an attempt to amend the elections act in an arbitrary fashion to do something which would be quoted against me later when we come to extend some of the educational provisions about which I am rather partial. When I refer to that subject I am, of course, also including the subject of scholarships. I am not going to digress into that educational field, but I think we have made good progress in the last few years, and I hope we can go further in developing provisions for the education of the young people.

A nice question arises when one has to decide at just what age a young person who is wholly maintained by his parents should receive the right to vote. Certainly he is not in the same position as his fellow classmate who enlisted in the armed services and is on active service. It is that type of question I would like to see examined and discussed more fully.

As I said in opening my remarks, this is a subject that has absorbed my attention to

a considerable degree in the past. It is something that should be examined into pretty thoroughly, but I should like it to come up in another way so that we could really look at these things. I should like to get some more statistical information on one or two aspects of it. The hon. member who is sponsoring the bill—I am not critical of him—is naturally enthusiastic about it. He said that if we do not get it now we shall get it later. That is not the issue to be determined here. The issue before the house is an amendment to the elections act. Incidentally, I think there is a technical mistake in the bill about the armed forces. Be that as it may, that is the issue before the house. I do not think that issue should be determined in that way at all now.

It may be that the age should be reduced. I am certainly openminded, and rather inclined to think that probably it should be reduced; but I am not prepared to amend the elections act at this time on a few speeches to reduce the age from 21 to 18 without further consideration and without a full examination of what I consider to be the real facets that must be considered before a decision is taken. I realize that that may not be acceptable to the hon. member proposing the bill, but I think it is the right way to go about it. I for one do not wish to see something done here in a rush to amend the elections act that is going to hamper things that I hope we can do in the next few years by way of extending the opportunity for education through scholarships and educational grants. I do not want anything done here rashly that is going to interfere with that. I should like therefore to have this matter considered in what—if I may use the term and not be misunderstood—I believe to be a more mature way. I am in favour of the idea behind the suggestion, but I think this method of dealing with the subject is at least premature.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I do want to deal with one statement, because sometimes these repeated statements made in a certain recurring confusion of the mind become embedded in the minds of others. In the friendliest way may I refer to the comment of the hon. member who has just spoken in regard to the fact that his party has been the party which has always extended the franchise.

Mr. McIlraith: I limited that historically; I was quite careful to limit it.

Mr. Drew: To what?

Mr. McIlraith: I was careful to limit that in my reference to the hon. member who sponsored the bill and the other hon. member of that party. I was very careful to point out that if one was dealing with the historical aspects of it probably the best case could be made out for this party.

Mr. Knowles: How about dealing with the idea?

Mr. Drew: I do want to deal with this very briefly because we so constantly hear statements about the great achievements of the party opposite in every field—

Some hon. Members: Hear, hear.

Mr. Drew:—no matter what it may be.

Mr. Gauthier (Portneuf): Right.

Mr. Drew: Once in a while it may do some of them good to be reminded of the fact that this has become a habit that leads them to make those statements without any regard to the actual history of the country. The fact is that the voting age and the general principles in regard to voting were established under a Conservative party which had the responsibility of setting up the electoral machinery in this country in the first instance. There were a number of extensions during the life of that continuing Conservative government, and then the next great step in the extension of the franchise came in 1918 when Sir Robert Borden was head of the government. In May 1918, the franchise was extended to all women of the age of 21, and there you had universal franchise subject only to the age limit. With deference to the admiration that the hon. member who has just spoken constantly expresses for the history of his own party, I would suggest that from time to time it might be well to restrain that enthusiasm within the bounds of the actual political history of this country.

There is one aspect of this problem that I do think should be borne in mind by all hon. members. I do not think there is any single member here on either side of the house who is not equally proud of the type of young people of 18 to 21 that we have here in Canada. Our education, the type of life in a country of wide spaces and immense opportunities has given us youth of whom all of us have every reason to be proud. I am certain that neither one side of the house nor the other, nor in any segment of this house, is there any greater appreciation of the high character of our youth which would differentiate any hon. member from another. We all share that pride and we all have reason to share that pride. I do not want to sound offensive, but I do say very often that there are differences, and without being offensive I will say quite frankly that my youngest child, who is now fourteen, gives

evidence of judgment which I would be quite prepared to accept as against the judgment of a number who have spoken here.

Mr. Gauthier (Portneuf): Chip off the old block.

Mr. Knowles: Smarter than the old man.

Mr. Lesage: The race is improving.

Mr. Drew: Of course I naturally am prejudiced on that subject. We are all prejudiced in regard to the estimate of the judgment, character and the ability of our youth to face the future here in Canada.

Mr. McIvor: Six o'clock.

Mr. Drew: If I may finish this sentence, there is just one point that should be given consideration in discussing this subject, namely, that the age of 21 was not chosen as an arbitrary age at which the ability to make a political decision had been reached; but it is the age at which for not only generations but centuries we have imposed upon young people a full legal liability. Until they are 21 we have provided that people up to that age need not be answerable for the contracts that are signed and other things of that kind, under the theory that their judgment may not be developed to the point that the full legal responsibility should be imposed.

The time may have come to change that concept in regard to that matter. The fact remains, however, that the choice of the voting age of 21 was not an arbitrary decision in regard to their political wisdom, but was related to the age of political responsibility. I would be the first to be ready to consider a change of the age, with my admiration of Canadian youth; but let us remember that this was the basis upon which the age was originally fixed, and we have to consider this when we are dealing with an ordinary change in voting age that is before us.

Mr. Deputy Speaker: The time for the consideration of public bills has expired.

Mr. Tucker: I would ask leave of the house, by unanimous consent, to revert to motions, in order that I may present a report.

Mr. Deputy Speaker: Is it agreed that we should revert to motions?

Some hon. Members: Agreed.

VETERANS AFFAIRS

THIRD REPORT OF SPECIAL COMMITTEE

Mr. W. A. Tucker (Rosthern): I have the honour to present the third report of the special committee on veterans affairs, in English and in French.

[Mr. Drew.]

Mr. Pickersgill: Dispense.

Mr. Deputy Speaker: Is it agreed that the assistant clerk dispense with the reading of the report?

Some hon. Members: Yes.

Mr. Deputy Speaker: Agreed.

It being six o'clock I do now leave the chair. At eight o'clock the committee will resume the business which was interrupted at five o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF NATIONAL REVENUE

The Chairman: Item 534.

Mr. Richard (Ottawa East): Mr. Chairman, when I adjourned the debate at five o'clock I was speaking about the general policy on television in Canada and more particularly as it relates to the capital area. I mentioned, by way of comparison, that in the case of radio broadcasting there were a number of private stations and one C.B.C. outlet in Ottawa, and that one of those private stations was a French language station. There is also another opening for a French language outlet in Ottawa, a licence for which was recently granted to a group from Eastview. The French language radio station CKCH in Hull carries the C.B.C. French programs originating in Montreal. These programs otherwise would not be available to this area. However, the arrangement has worked very well and I think has relieved the Canadian Broadcasting Corporation of a certain responsibility to this French-speaking audience and also has worked very well for the private station in Hull.

I want the committee to bear in mind that this is the capital of Canada, the one place of all places in this country where the dual culture of this nation should be found and reflected in all its spheres of activity. Ottawa, the capital, should be the mirror of the nation. It is here that the bilingual character of the nation should be most highly exemplified. The history of the Ottawa valley area is a recital of the life and work of the energetic Canadians of French and English origin who have toiled together, since Champlain landed here, to make this capital. The French and the English populations of this area are almost equal in number. Our

schools are bilingual or English-speaking. The people of French origin speak French and most of them, of course, speak English fluently. Many people of English origin, including those of Scots and Irish descent, speak the French language very well. Ottawa has the only bilingual university on the continent. We have our French and English theatres, our French and English press, and the proceedings of our parliament are carried on in both languages.

(Translation):

Mr. Chairman, may I say that it is with some emotion and deep pride that I am very happy to bear witness to the existence of the French element in the capital city of Canada. It is truly with pride and emotion that we find that the French-speaking population of the capital city and of the surrounding district is approximately five times the number of French-speaking settlers who stayed on the American continent following the conquest, some three hundred years ago.

But in spite of all the obstacles that we have met, in spite of all the ups and downs of the first settlers and I would even add in spite of the faults in the constitution that have hindered the progress of French education in every province except Quebec, which has respected the constitution by maintaining the two languages, we are still proud and still satisfied to have progressed and to have co-operated with the English-speaking element of our province in making the city of Ottawa and the surrounding area truly representative of the Canadian nation.

We have tried, in co-operation with our fellow citizens of English origin, to give to the rest of the country an example of what our Canadian fatherland should be.

I take the opportunity, tonight, while I am on the subject of radio broadcasting, to extend my congratulations in particular to our Minister of Transport (Mr. Chevrier), who is also a native son of Ontario, and who has helped us so much to obtain the satisfaction of our just claims at all times. I know that the Minister of Transport is wholeheartedly in favour of the establishment of French television in the Ottawa district, and that with his help this objective will be achieved in the near future.

(Text):

I mention all this, Mr. Chairman, in order to demonstrate that—not by reason of a legal claim nor by reason of necessity but rather on account of the understanding and respect which we have for the traditions and the claims of this national capital—all cultural activities carried on in this area should bear the character of the two great races.

When television was introduced into Canada, and particularly into this area, it was quite understandable that the number of the programs would not be great, that they would not be too wonderful in quality and of course that they could not be perfectly bilingual. Like the hon. member for Hull, I am pleased to say that, because of the immediate service given by the C.B.C. with respect to a certain number of French programs, the reaction was very good. In the short time after the station was introduced into Ottawa we had quite a satisfactory number of programs in the French language. As a matter of fact, as hon. members doubtless know from experience now that they have been listening in room 16, it is quite pleasing not only for French-speaking people but also for those who are English-speaking but also speak French to see some of the very good French programs coming from Montreal. There are very good programs in French coming from Montreal. On the other hand, the number is limited because this station in Ottawa serves the English population, a great number of whom, of course, do not speak French.

The programs in English are very attractive. They are not all good but I must say that some of them are very attractive, and they are followed closely by the people of this district. However, I think we have reached the point where we can say that the situation is not satisfactory to everyone. Indeed, it cannot be satisfactory to everyone because the 40 per cent of the programs, say, which are French programs coming from Montreal do not provide a wide selection for the French audience; and on the other hand, the 60 per cent of the programs which are English programs coming from Toronto or Montreal do not provide what you would call a wide selection either for the people who want to listen to English programs.

I am not speaking of the quality of the programs. I said before that some of them are very good. I think the Canadian Broadcasting Corporation is doing a very good job in rearing this very young child and we cannot expect it to run before it has started to walk.

Mr. Macdonnell: Would the hon. member permit a question?

Mr. Richard (Ottawa East): Yes.

Mr. Macdonnell: Would he be a little more specific as to what he means—and I hope this will not be regarded as Toronto patriotism—by saying that he feels that the programs emanating from Ontario are not very satisfactory in the province of Quebec? Could he make that more specific?

Mr. Richard (Ottawa East): I did not say that.

Mr. Macdonnell: Then I misunderstood the hon. member.

Mr. Richard (Ottawa East): I did not say anything like that. What I did say was that a proportion of 50 per cent to 60 per cent of English programs in an evening is not sufficient fare for the English-speaking audience and a proportion of 40 per cent to 45 per cent of French programs is not satisfactory for the French-speaking audience. There is not sufficient listening time for either one and there is not a sufficient selection in either language. At this time in this district we have an audience which is in some respects satisfied, because after all this is a new development, but there are a great many who feel that they should not buy sets at all because there are too few programs to watch in any one evening.

In Montreal the problem was tackled from a bilingual point of view. Montreal was given a French station and an English station. But Montreal is not as bilingual as the city of Ottawa and the surrounding area. This is the most bilingual area in any part of Canada. In any event, as I said before, it is more than that. It is the capital of Canada and surely it is here, if anywhere in Canada, that we should find stations providing programs in the French and English languages.

There is another aspect of the question. French programs produced in Montreal are just as costly as programs produced in English, but at the present time they are being used through one outlet only. They could very well be used in Ottawa without in any way increasing the cost of production. There is a relay system between Montreal and Ottawa, and I understand that all that would be required in Ottawa would be a transmitter which would probably use the same antenna. Therefore the matter of cost is not a big factor, and much greater use could be made of the programs already being produced in Montreal if they were not limited to that city and the partial use now being made of them in Ottawa.

My suggestion is that the C.B.C. should announce at an early date, perhaps not immediately but at an early date, whether it is its intention to instal a transmitter to televise the French programs coming from Montreal. We should have a statement of policy from the C.B.C. as to whether it intends to have its own French outlet in Ottawa or whether it does not intend to do so. That is why I have not raised the question of a private station up to this point. I do not think it arises until an answer is given to that question by the C.B.C. I do not know whether the minister will be in a position to make a statement today or on another occasion, but I say the whole problem is whether or not the Canadian Broadcasting Corporation intends to have a French outlet in Ottawa. If it does not intend to do so then I say it is up to the government to reach a decision as soon as possible to permit whoever applies—if he is a responsible party and undertakes to carry C.B.C. programs emanating from Montreal—to have a station in Ottawa.

But I am confident that the Canadian Broadcasting Corporation, knowing the situation in this area much better than I do, must have plans, and I regard it as quite possible that in the near future there will be an answer from that source in the form of a statement that a French C.B.C. transmitter is to be built in Ottawa. But I repeat that if that is not to be done the government should reconsider its policy in respect of a French language private station in this particular area where the situation, so far as permitting private stations is concerned, is much unlike that of areas where the population speaks one language.

I think that people's minds should be put at rest. The government should relieve the people of their anxiety in this regard. By so doing they would help to foster good will toward the Canadian Broadcasting Corporation and would also help industry which would be able to sell a great number of television sets in this area if there were a French television outlet. Television, Mr. Chairman, can be an active agent in the development of our national culture, and I am confident that on those grounds the house will agree that its extension should be in the finest and best traditions of the people who joined hands at confederation to make this a great and united country.

Mr. Herridge: Mr. Chairman, I rise to make a very few remarks. I am not going to deal with policy, administration or programs because this afternoon the hon. member for Rosetown-Biggar ably placed before the committee the views of this group in that connection. I will only say that I listen quite frequently to "Stage 54" and I do want to express my appreciation of the magnificent production of "Richard III" some time earlier this year. I have heard a good many people say that it was an excellent piece of work on the part of the C.B.C.

I rise primarily to make my eighth annual plea for improved radio reception in the northern part of my constituency of Kootenay West. There are some 5,000 people residing there who are unable to receive satisfactory radio reception after nightfall and during the greater part of the day. Owing to the weakness of the signals from Nelson and Trail they

have very poor radio reception at times. I want to impress upon the minister that while other people in Canada are getting all the latest in television I have 5,000 people in my constituency who still have to enjoy decent radio reception. I am very glad to know that the corporation is giving serious consideration to the question with a view to ascertaining the possibility of establishing low-power relay transmitters. We are very pleased with that, but I do want to emphasize that these people have been most patient to go on for thirty years without adequate and proper radio reception.

Mr. Stuart (Charlotte): Hear, hear.

Mr. Herridge: I am very pleased to see that I have the support of the hon. member for Charlotte. I think these people are now entitled to some action on the part of the corporation and the government. I want to emphasize that these are very useful people. They are primarily outdoor workers and they have to enjoy their radios largely in the evening hours. They are people who are producing a large quantity of forest, metal and mineral products, and a considerable quantity of agricultural products. I think it is most unfair, Mr. Chairman, that year after year this productive segment of our population should be denied even ordinary radio reception.

In addition to that I am bringing to the minister's attention that the income taxes per capita paid in the constituency of Kootenay West is one of the highest in Canada. Representative organizations in the district have for years been pressing for some action in this respect. I have recently heard from the chamber of commerce, boards of trade, the Canadian Legion, the farmers' organizations and the Imperial Order Daughters of the Empire. Everybody is concerned about this. They feel they are entitled by this time to action by way of providing proper radio reception.

I do urge that this question be given every consideration and the needs of these people be met in the very near future. I would suggest that today there is no shortage of funds so far as the C.B.C. is concerned. I do feel that when there are millions being spent for television in other parts of Canada these good people are entitled to adequate radio reception. When the minister replies, I should like to hear his comment on this question that is so important to about 5,000 of my constituents.

Mr. Gour (Russell): At the outset, Mr. Chairman, I should like to congratulate the C.B.C. for the good work they have done up to now. I have to extend those congratulations to include the Minister of Transport and the Minister of National Revenue, because they have done splendid work right from the first and I am sure they will continue to do their usual fine job. I wish to speak tonight on behalf of the television viewers in this district, not only the French viewers but the English viewers as well. I am not raising the question of language at this time, because I have received just as many complaints from the English people as I have from the French people when they have been forced to turn off their television sets because they did not understand what was said in French.

In view of the good administration we have received up to now I know it will not be too long before this situation is remedied. I do not want to make this a question of language. I am sure that this government, in view of the good administration we have received from it, will not delay too long in settling the problem. If it is found that the C.B.C. is unable to establish a second station in Ottawa for the benefit of the French-speaking people, then I hope consideration will be given to the private company that has made application. It is a responsible company, and it will do a good job. I am sure that the Minister of National Revenue, the C.B.C. and this good government we have will see that justice is done in that connection in the near future, just as they have given justice from one end of the country to the other.

Mr. Cameron (Nanaimo): I was interested this afternoon, Mr. Chairman, in listening to the hon. member for Macleod express his fears about thought control by the C.B.C. I suppose it is possible, but if so then all I can say is that they are exercising it in a most inefficient manner. I would commend to the minister that he tighten up his control of C.B.C. because I, myself, on the invitation of the Canadian Broadcasting Corporation, have participated in programs on many occasions. I do not believe the C.B.C. or the minister have ever had any reason to suspect that I was a devout admirer of the present government.

I believe we have to look at this thing a little more reasonably than that. I would suggest that the Canadian Broadcasting Corporation is, in itself, an example of something new perhaps in our society in its administrative set-up. I do not believe anyone can really level a charge at the Canadian Broadcasting Corporation that it has been the agent or the propagandist for any particular political or economic group in the country. In fact, one of the things of which we, as Canadians, should be extremely proud is the record of the Canadian Broadcasting Corporation.

This afternoon the hon. member for Macleod spoke of the further danger of

imposing a rigid, uniform pattern of culture upon Canadians. I find culture a rather repugnant word, as a matter of fact. However, it is perhaps the only one we can use. I wonder whether there is not something to be considered here apart merely from the people's uninformed taste. Now, I myself lay no claims whatever to having a particularly sophisticated cultural taste. But I have this, shall I say, degree of development, that I do recognize there are people in our society who have that particularly well informed and well developed cultural taste. We should be wise if we give them every opportunity to present their ideas to us in as effective a manner as possible.

Certainly I think the C.B.C. has been giving that opportunity. My colleague, the hon. member for Kootenay West, just mentioned the performance of "Richard III" by "Stage 54". Now, that was only one of a series. Anyone who has listened to this series will realize that throughout the last considerable period of time the C.B.C. has been presenting all the Shakespearean chronicle plays, and presenting them most effectively in an adapted form from the pen of some of their extremely gifted writers. I often think of an incident that took place in my home two or three years ago when the C.B.C. was presenting Lister Sinclair's adaptation of "Oedipus Rex", probably the most dramatic psychological play in existence. Lister Sinclair's adaptation of it was superb, in my opinion. My opinion in that regard was reinforced by a curious incident that took place. At that time we had a young native coast Indian living with us who was going to the university. He came into the living room when the play "Oedipus Rex" was on. He sat down and stayed there for the whole performance almost motionless beside the radio. It occurred to me at that time, Mr. Chairman, that any artistic power that could bring the beauty of Greek culture across the period of time of about 2,500 years and eons of time culturally to a product of the primitive culture of the B.C. coast Indian and hold that lad glued to the radio, is something we would do well to be very proud of.

The hon. member for Macleod was somewhat sceptical about the development of talent by means of the Canadian Broadcasting Corporation. It may be that he has a different definition of talent from the one to which I am accustomed. But I think most of us would agree that unless talents are given the opportunity to develop, to be refined to their fullest extent, then they are going to be largely useless. Certainly the Canadian Broadcasting Corporation if it has done nothing else has provided the opportunity of developing the artistic and dramatic talents of Canadian people. This is true to such an extent that there are many of our friends and neighbours across the line who openly envy us the Canadian Broadcasting Corporation and the opportunities it gives for precisely that talent development.

Not long after the session opened I had occasion to write a short article for a United States periodical. I received quite a lot of correspondence about it from across the line because it dealt with a United States problem. One of the letters I received was from a farmer in the state of New York who said he was writing to me, not merely to commend the article I had written but also as some expression of gratitude toward Canada and Canadians for the continued pleasure he has received from tuning in to the C.B.C. broadcasts every day. It may be that at some future date the Canadian Broadcasting Corporation might establish itself as a monopoly of culture and of thought control. But to speak today as though there were no other broadcasting organization in the field is to present a completely false picture. And it is equally false to suggest that those private radio outlets are even in the same category or class as the Canadian Broadcasting Corporation, when it comes to intellectual, cultural or artistic standards—because they just are not.

Anyone who has spoken over the Canadian Broadcasting Corporation facilities and also over private radio station facilities need not be told about the vast difference in efficiency and care exercised by the employees of the two types of organizations. On every occasion I have spoken over a C.B.C. outlet I have been afforded every possible help with regard to the organization of my material for the address, advice as to how to present it, advice as to what parts to stress—endless and limitless patience and time taken to make sure that I got the best out of the opportunity afforded to me.

In fact, I might say this—and it bears to some extent on the question of the C.B.C. being an organ of propaganda—that on more than one occasion employees of the C.B.C. in Vancouver have complained to me that the worst offenders from their point of view as radio-technical experts, and the most completely determined not to take advantage of the facilities offered by the C.B.C., have been cabinet ministers who, according to many of the radio technicians in Vancouver, seem to feel that because they are cabinet ministers they have, by some mysterious means, mastered the technique of radio and do not

require advice or help. Many times I have seen employees of the C.B.C. station in Vancouver tearing their hair because some cabinet minister came in and insisted upon pontificating on the radio, thus lowering their general level of technical efficiency. I am not saying that all C.B.C. programs are admirable. They are not; some of them are lousy.

Mr. Knowles: The cabinet minister broadcasts?

Mr. Cameron (Nanaimo): And the lousiest ones are the ones to which I think the Canadian Broadcasting Corporation has resort because this parliament is so niggardly and stingy. I refer to the foul soap operas that they take from the American networks—private enterprise programs which pay very well for the privilege of poisoning the whole well of Canadian culture, with all due deference to my hon. friend from Macleod.

I think that these soap operas are a far greater moral and intellectual danger to the Canadian people than many of those things about which hon. members in this house tear their hair; because they present a foul, sentimental, saccharine picture of life that, at certain points, has sufficient similarity to real life to influence unintelligent, or not very intelligent, unsophisticated people. So that you have, of course, the result of a silly husband or a silly wife getting very fed up with their spouses because they do not behave in the impossibly inane and noble manner of the product of Aunt Lucy's mind.

So what I would like to see is that the Canadian Broadcasting Corporation be given a sufficient fund so that they can thumb their noses at every soap manufacturer who wishes to poison the minds of the Canadian people.

Mr. Blackmore: Mr. Chairman, I wish to ask the minister some questions which will be of a different kind. In spite of the sanguinity of the hon. member for Nanaimo, I still think, with the member for Macleod, that there is considerable cause for anxiety in Canada, lest the minds of Canadian people be controlled by forces that Canadians would never wish to have control their minds. I would like to ask the minister a few questions which he will be able to answer at his leisure. Probably he will not have the material with him tonight, but if we can have the answers to these questions in detail, those answers ought to go a long way to reassure us.

First, who decides policy of the C.B.C.?

Second, what means of screening has the minister, to make sure C.B.C. personnel are all pro-Canadian, and not pinkos in some respects, if not positively pro-Russian?

Third, Canada beams broadcasts into how many European countries? We have never had a detailed report on that matter. To what countries are those broadcasts beamed?

Fourth, in which languages are these broadcasts beamed into European countries?

Fifth, what is the general purpose of these broadcasts? Indications are, from the estimates, that more and more money is being spent on such broadcasts into, let us say, Czechoslovakia, Poland, Yugoslavia and other countries behind the iron curtain. I would like to know what the purpose of such broadcasts might be. What is the general purpose of doing it, anyway?

Sixth, in the main, is the general purpose to encourage peoples in iron curtain countries to hope for deliverance, or is it to encourage them to be satisfied with their communist rulers? I would like to have that answered pretty thoroughly, and to have it adequately documented.

Seventh, during the year 1953 how many Canadian broadcasts were directed to Czechoslovakia, for example?

Eighth, how many of these could be classified as having political significance?

Ninth, how many have had pro-communist leanings?

Tenth, how many have had anti-communist leanings?

Eleventh, on what grounds would the minister justify the expenditure of Canadian taxpayers' money upon broadcasts into Europe that are neither pro-communist nor anti-communist?

I have had the privilege of reading some of the broadcasts that have been sent into some of those countries. As I recall it, one of them told about Canadian wildlife. What would be the purpose of spending Canadian money on telling Czechoslovakia or Poland about the wildlife of Canada?

An hon. Member: The wild life?

Mr. Blackmore: The deer and the antelope.

Those questions have a bearing on the matter of foreign broadcasts. I do not listen to every broadcast which comes over the C.B.C. Before I proceed to say any more, let me hasten to express my appreciation of the C.B.C.'s work. Many fine compliments have been paid to the C.B.C. this afternoon in this house. Every single one of them the C.B.C. completely merits and richly deserves. But if it should be found that after all this cultural excellence and technical excellence and artistic excellence and all the other kinds of excellence, we were being subverted unawares, it would be a very very serious thing. I have read through two or three

broadcasts coming from overseas and some from Canada which certainly followed the communist line and which certainly were subtly indoctrinating Canadians with the communist attitude. The correspondence I have from various parts of Canada show that the impression which I have expressed is not an impression which I alone have formed.

What would be evidence of the communist line? Well, all speeches that are designed to show the Canadian people that there just is not any way out of the difficulty in which we find ourselves except the C.C.F. or socialism right on up to communism, including government ownership and centralizing control, and all the rest of it that constitutes the C.C.F. doctrine and socialism; all talks which do this are certainly following the communist line. All talks which seek to glorify Russia, articles like those by the famous Bill Boss, filling our newspapers today all over Canada abundantly, every one of which indicates that Russia has got some glorious form of life over there if we could only just find out about it; all those are following the communist line and are softening the Canadian people up and are certainly giving comfort to the enemy.

All broadcasts which tend to weaken the faith of the Canadian people in God, Christianity, the Bible, the teachings of the Bible, all of those are pro-communist.

I have mentioned once already in an interview with the press which I did not expect to be published, but which was published, that I heard a talk, a beautiful talk on termites. The construction of that talk was just perfect; the language was just perfect; the delivery, well, it was just the answer to a prayer; it was on termites. Well, why in the world should you have a half-hour talk on termites? It was an educational broadcast, we will grant, yes. It came over the air into my home just as my children were sitting around after the supper hour. Do you know what that thing taught in a general way? That the termites with their automatic regimented inevitable way of life were living in the kind of condition that human beings would live under some time in the future. The whole talk was given with that strange, scientific, detached melancholia which characterizes so many of our high-minded professors when they are philosophizing on the inevitability of evolution and all that kind of thing. That talk, just as sure as we are in this house, was a communist talk. It was an evolutionary talk. It was indoctrinating the people on evolution.

[Mr. Blackmore.]

I have spoken once before, maybe twice before, about talks that were chosen to indoctrinate the people on evolution.

Now, if those wisecracks were just loud enough so that I could hear them the hon. member who is making them would not make them. He just makes them loud enough for *Hansard* to get them and so that I cannot get them. That is just about the lowest kind of trick that can be played.

Mr. Argue: I said nothing.

Mr. Blackmore: There are people over there who were saying things that I could not get but *Hansard* could get. Come right out with them, and be men, and I will take care of them.

I objected to speeches by Brock Chisholm. They were bad speeches, bad through and through. I can see no reason in the world why we should pay good Canadian taxpayers' money to have that kind of thing foisted upon our Canadian people. All power to the C.B.C. for giving us the knowledge and information! The argument will be, and it was regarding Brock Chisholm's talks: Well, we believe in giving the Canadian people a chance to hear every side of the story. But there never was an answer given over the air to Brock Chisholm, and there never was an answer given over the air to the termite speech, and there never will be.

Mr. Nicholson: Has the hon. member asked the C.B.C. to give him a chance to answer it?

Mr. Blackmore: I was in no position to ask the C.B.C.; even if I had been, why should I? The C.B.C. did not wait for me to ask them to put Brock Chisholm over the air, nor the termites speech over the air. If they could be moved upon to put those speeches over the air, they should have been moved upon to put the answers to them over the air, by all means whatsoever. They should have had the answers right at the time the talks were given.

Mr. Nicholson: Does the hon. member not believe in free speech?

Mr. Blackmore: Surely! I believe in free speech for every side of the story and every side of the case. That is just exactly what we are not getting. All these talks, indoctrinating the people with the communist attitude, the socialistic attitude, are never answered.

Mr. Zaplitny: Are they the same?

Mr. Nicholson: Will the hon. gentleman permit a question?

Mr. Blackmore: Yes, I will permit a question; any time I am afraid to be asked a question by the hon. gentleman I shall retire.

Mr. Nicholson: The hon. gentleman's party has free time on the C.B.C. Has he ever asked his party to give him a chance to make use of the free time to reply to Brock Chisholm?

Mr. Blackmore: That is just the kind of thing you would expect from a socialist. He would ask the Social Crediters, who have one-half as much time as the socialists, while the socialists are devoting all their time to putting over their ideology, to spend their social credit time answering the false doctrine spread over the air by the C.B.C.! Would that not just be the ideal for the C.C.F. people!

Mr. Knowles: A typical Social Credit answer.

Mr. Blackmore: I do not wish to go into too much detail on this matter.

I do not think the ordinary Canadian or American begins to realize what is happening to him. The first thing we know this country will be captured by communist influence infiltrating into our hearts and our homes without our even knowing what is happening to us.

Mr. Argue: It must be pretty strong.

Mr. Blackmore: Yes, communist doctrine has all the power of the prince of darkness and all his cunning; for that is just exactly what it is; it is the doctrine of the prince of darkness, that is all. Anyone who heard Brock Chisholm talk, or who heard the "termites" talk would know it was of the evil one. That was easy to see because they were calling in question the sacred teachings of the Bible.

This is a Christian country. When this country wants communism it will vote for communism. As I recall it, 100 candidates offered Canadians the opportunity to send communists to Ottawa to govern Canada and not one of them saved his deposit.

An hon. Member: Then what are you worried about?

Mr. Blackmore: I am worried lest a government which was sent down here to fight communism should now turn round and abet communism, spread its doctrines through the radio stations of the C.B.C., an organization publicly owned and publicly paid for. Now, would not that be a most astonishing state of affairs? If all I am saying is true, and I am afraid there is a lot more truth in it than many people believe, we require to be very careful.

Just to show how serious the situation is, and I do not know whether or not the minister's attention has been drawn to this, I have here an article. Though it does not have any particular bearing on radio, yet it certainly does show the kind of thing we are faced with. This article appeared in the Ottawa *Journal* of June 1, 1954. This article was carried on page 2 under the heading "Congress Studies Document on Red Plans for Revolution". It reports that Senator Knowland put a document into congressional records recently. That document, the senator thought, apparently outlined the plans of Mao Tse-tung for the complete conquest of the world. The article closes with these portentous quoted words:

> Twenty years from now world revolution will be an accomplished fact.

Details of the procedure by which this horror is to be brought about are laid down. Now if we go on in the way we have been doing for the last eight years, there is not a thing on earth except our Heavenly Father who can stop this world revolution, because we are doing everything in our power to help this revolution along. That is the reason I am worried so much about what comes through the C.B.C. I cannot see any reason in the world for speeches slanted in favour of the communist line.

Mr. Campbell: Do you look under the bed every night?

Mr. Blackmore: No, but I say my prayers every night. I wonder if my hon. friend does that. If he did that for a year or two it would straighten out his thinking.

Mr. Knowles: That is a nice Christian attitude.

Mr. Blackmore: Mr. Chairman, I am going to leave this question now and ask the minister to give a detailed answer. He cannot do so tonight, I know, but I believe it will do the minister and all of us good to think about these questions.

The Chairman: Shall the item carry?

Mr. Drew: Mr. Chairman, there are some aspects to this question on which I do feel some remarks should be made. The subject has been discussed from many angles today, but one of the most interesting aspects of this discussion has been the frequent reference to the cultural aspects of C.B.C. broadcasting, and I was interested to hear just a short time ago a suggestion that the government has in fact been somewhat niggardly in not providing still more money so that culture might be provided to the Canadian people by the C.B.C., presumably both by television and by radio.

I would like to speak for a while about television which is today recognized, not only as a new medium of entertainment, which is having a profound effect upon the social habits of our people but which also is having a very considerable effect on the thinking of our people and their impressions about public events. I have no intention of expressing my opinion about the rather remarkable television performance that is taking place day by day in the United States. Undoubtedly the people of the United States, and Canadians who live along the border within range of the television broadcasts, are seeing a unique employment of this new vehicle of communication. Without making any remarks about it, and I have very definite opinions on the subject, I would simply wish to say that if anyone is in any uncertainty about the impact of television upon the minds of the people it is only necessary to call on some friends in the United States today and to see the amount of time that is being consumed in watching a particular type of exchange of ideas which is supposed to be part of the processes of democracy.

This new vehicle can have a tremendous effect. This new vehicle was recognized early as being one that was not only a means of communication but also had great cultural possibilities as well. On many occasions reference has been made to the report on the arts, letters and sciences which we commonly know as the Massey report. In that report there are findings in regard to television. I wish to place on the record two short quotations which I take from pages 304 and 305 of that report. First, under the heading of "Programs", I find this statement:

> For such television programs it will be essential to ensure the maintenance of good taste and a suitable and adequate use of Canadian materials and Canadian talent.

Then on the next page, under "Recommendations", I find:

> We therefore recommend:
> h. That the Canadian Broadcasting Corporation exercise a strict control over all television stations in Canada in order to avoid excessive commercialism and to encourage Canadian content and the use of Canadian talent.

That recommendation follows the observation on the other page. But, Mr. Chairman, this idea of television being a means by which a distinctly Canadian culture can be conveyed to Canadians has been the reason for the very unusual limitations which have been placed upon television broadcasting in this country.

Speech after speech has impressed upon us the fact that we should be prepared to accept, with regard to ordinary competition between public and private stations, limitations which would be comparable with the competition between the publicly and privately-owned railways, on the ground that it is so essential that here in Canada we should make sure that we prevent Canadians being called upon to submit to the kind of television broadcasts they have in the United States. That is not my argument. That is the argument that has been put forward over and over again for denying to Canadian owners of television sets the advantages of competition and the advantages of a selection of stations, something which in itself is part of the whole policy of free choice and which would undoubtedly comply with those words of Mr. Dunton, the chairman of the broadcasting corporation, when he put the situation briefly as follows:

> The essence of freedom lies in freedom to choose from a variety of alternatives; if there are no alternatives—in kinds of ideas and material presented—there can be no freedom of choice.

By that test, Mr. Chairman, there is no freedom of choice for Canadians today so far as the policy of the government is concerned. There is freedom of choice, however, in certain parts of Canada. There is freedom of choice in that part of Ontario along the north shore of the St. Lawrence, the north shore of lake Ontario and of lake Huron. Throughout the whole of that area within a distance of anywhere from 50 to 100 miles Canadians have a choice of alternatives; and they are making that choice.

Mr. Nicholson: Is there any choice in the United Kingdom?

Mr. Drew: Oh, yes. The hon. member perhaps has not noticed that recently it has been decided to have private broadcasting of television over there just so that there will be a choice. Incidentally I may say also that there is a choice of continental broadcasts which are very good and which the people are able to receive on the sets in England.

However, in Britain where the government set up the B.B.C., which in many respects we have followed, they have decided that they are going to follow this excellent definition of freedom given by the chairman of the Canadian Broadcasting Corporation: The essence of freedom lies in freedom to choose from a variety of alternatives. The administration have decided in Britain to give the people that freedom to choose a variety of alternatives. The people there are going to have it and therefore we in this country might well re-examine our position. Particularly, however, we might re-examine our position for another reason.

When I heard tonight the suggestion made that this government was niggardly in its allowance for public broadcasting, I wondered just how far anyone was prepared to go. The C.B.C. is now receiving over $30 million. How much more do they need? If $30 million will not do it, then I should like to know at just what price Canadian culture really comes. We are certainly going to be an expensively cultured people if this amount does not provide an adequate start. The fact is that freedom of choice also carries with it freedom to choose whether you will accept culture or will not accept it. Apparently the idea was that by having only a chosen instrument—and a very limited instrument at that—Canadians were to have no alternative but to accept such culture as they receive.

May I at this point repeat something that has been said before so that there may be no misunderstanding about it. This is not a criticism of the administration of the C.B.C. It is the duty of those who administer the C.B.C. to carry out government policy. If they do not carry out government policy in a public organization, they have no right to be there. After all, it is the government that is the executive agency of this parliament which is supposed to interpret policies which will be put into effect by those who are chosen to administer those policies. I hope there will be no suggestion by the minister or by anyone else that if what is happening is not satisfactory, it is something for which they can accept no responsibility but they must after all look to those who operate the C.B.C. No, Mr. Chairman; whether it be the publicly-owned railway, the publicly-owned air lines, the publicly-owned ships, the public-owned television or radio broadcasting, it is the government that decides the policy and it is the duty of those appointed in an executive capacity to carry those policies into effect.

Under those circumstances, Mr. Chairman, we then come to the question as to what actually happens where there is this freedom to choose that we have heard of. The area in which there is the densest concentration of television sets in Canada is in the area around Toronto and from there over to Hamilton and on to Niagara Falls. For that area figures have been compiled, and it has been found that those with television sets in that area tune in on broadcasts from the United States to the extent of at least 70 per cent of the receiving time during which they have their sets turned on. Therefore, with all this expense, where there is freedom of choice these owners of television sets are employing, at the outside, only 30 per cent of the time to avail themselves of this expensive means of developing Canadian culture.

Then let us examine that 30 per cent. Is that 30 per cent devoted to all-Canadian programs? Is it exclusively designed to avoiding here in Canada all the sins, errors and iniquities of television in the United States to which my hon. friends on the left so constantly refer? No, Mr. Chairman; at least 50 per cent of those broadcasts going over the C.B.C. television have a source in the United States. Hence, of the programs received by those using television sets in that area, 85 per cent at least come from the United States and at this great expense we are providing 15 per cent for Canadians from Canadian sources. If that is the way that we are going to develop Canadian culture, Mr. Chairman, then the sooner we re-examine this situation the better. To borrow the words that have been used by someone else in a context which perhaps might almost suggest some caution in using them, it would seem that if that is the case, this indeed is a time for an agonizing reappraisal of Canadian television broadcasting in Canada.

Mr. Chairman, there is not one of us here who is not anxious to make sure that Canadians—and particularly young Canadians—are given a pride in Canada; an appropriate interpretation of Canadian history; an appreciation of their own language, whether it be English or French; and an appreciation of their own background and their own culture. What we are doing at the present time is spending huge sums of money to make sure that a still larger number of Canadians get their ideas from television broadcasting stations in the United States. That was not the basic concept under which this house was asked to vote the large sums of money that go to the C.B.C.

Then, of course, there are a number of other things. I merely wish to interject at this point an interesting sidelight. It does seem that a little more attention might well be paid by the government to some broad directives which would interpret government policy in the employment of the C.B.C., even within that limited area that it does occupy. For instance, I asked the other day if the minister had received any information about a television broadcast in Vancouver early in the month of May where it was stated that a number of well known communists were able to present themselves by means of television to the audience in that area.

I must admit that the *Tribune* of Toronto, which is the communist newspaper, is not one

of my regular sources of information, but since this matter was drawn to my attention from Vancouver I was interested to read this item in the Canadian *Tribune*. The heading is "Good for C.B.C.". The article reads as follows:

> We'd like to congratulate C.B.C. T.V. for its enterprise and initiative in televising Vancouver's May day rally at Brockton Point oval. A. A. MacLeod, Harvey Murphy, Bill Stewart and Homer Stevens and the overflow crowd were seen and heard by thousands of T.V. viewers via CBUT.

I think hon. members all know that A. A. MacLeod, Harold Murphy, Bill Stewart and Homer Stevens are well known communists, and that the congratulations being extended on this occasion by the communist *Tribune* were because of the fact that they had been televised in that way. I am not suggesting for one moment that this represents any designed policy on the part of those responsible for TV broadcasting within the C.B.C. or of those stating the policy for the C.B.C. However, I can think of quite a number of organizations in this country from one side to the other that are intensely loyal to Canada which would welcome the opportunity to have their meetings televised and have not been quite so successful as these gentlemen were in Vancouver at the beginning of May. I merely mention this to suggest that perhaps a little more caution might be exercised in this respect.

Let us again consider the standards of culture, and it is culture for which we are paying this money for television. Let us not forget that, because there are private applicants who have been very ready to provide television to Canadians in every part of Canada. The reason they are not doing it today is that in the name of culture we are making sure that the people get Canadian programs, in the slow process by which these things finally arrive under the present policy. Let us see how the standards of culture are established. I wonder how many hon. members have seen those cultural broadcasts of second-rate wrestlers in the United States which are presented to us here as part of the cultural training for Canadians at public expense. I wonder how many have seen some of those slugging matches by second, third, fourth and fifth-rate boxers. Actually I sometimes wonder whether suggestions, such as that made by such a high authority as the commissioner of the Royal Canadian Mounted Police that we might relax the gambling practices in this country, might not be related to the fact that about the only excuse for looking at some of them would be if you had a little bet on them. Of course, not knowing who they are in advance it would make a fair bet because if they are fixed the results would be equally sporting in any event from our point of view.

These are some of the choice cultural developments which are being brought to us at this great expense. No, Mr. Chairman, it may be desirable to get back to what the original concept was. I was very interested today when the leader of the C.C.F. party spoke of the fact that it was the Conservative party that had been responsible for introducing a publicly-owned broadcasting system in Canada. You know, it is almost sacrilege to some of our friends opposite to remind them that the Conservative party has been responsible for introducing a great many of these activities. I was interested, however, in his reference to the fact that when the broad policy was laid down under which public broadcasting would be set up in this country it was done by a Conservative prime minister. The suggestion was that we were in some way departing from that idea.

I have made it clear on earlier occasions that we believe that it is essential that we have a publicly-owned system for particular services. In this enormous country of ours, the third largest in the world and with only fifteen million people, it is obvious that if we are going to carry ordinary radio and television broadcasts to distant points throughout Canada the ordinary competitive demands of commercial broadcasting would not be likely to perform that service in many places. Actually that was the basic reason for having a publicly-owned service, that we would be able to provide broadcasting services for all Canadians, regardless of where they might be.

That same policy should now apply to television. It should be the function of the C.B.C. to provide the communicating services, the relay services, whether by microwave relay or by coaxial cable. By every device the C.B.C. might well make communication available and then we might permit some of these private applicants who want to set up TV broadcasting stations to do so and see what kind of programs they produce. The fact is they could not give us very much less Canadian culture than we are getting at the moment.

The fact is that under the very test of competition we would offer to Canadian talent an opportunity which Canadian talent is being denied today by this government in the name of the improvement of Canadian culture. No wonder the young Liberals, gathered here so short a time ago, presented a very vigorous request that we have in this country the advantages of a competitive system under which private broadcasters would

be able to bring to this new vehicle of communication, entertainment and knowledge the advantages of competition where private stations side by side with public stations would vie with each other in offering to Canadian talent programs of which we could justly be proud and programs which would offer opportunities to young Canadians here in Canada instead of forcing them, as they are so often required to do, to go beyond our own borders for the return which their services so genuinely merits.

At a time when we have before us these very large sums, Mr. Chairman, I think it is time for an over-all review. Let us go back to the broad question of television broadcasting. One of the things that seem to be overlooked is that in the name of culture we are going outside of Canada today to get films from the United States, some of them very old films—even Mack Sennett films, and I may say those are better than some I have seen—to entertain our people. These television arrangements are made through contracts with the people in the United States who control these films which have been, in so many cases, stored away. Then again we have talent from the United States being brought to Canada apparently to step up the standards which the C.B.C. believes are required for this kind of thing. I repeat, Mr. Chairman, the way to get talent of our own is to widen the opportunity.

This is no brief for private ownership or public ownership. It was a Conservative government that gave this country publicly-owned radio, and now its partner publicly-owned television. We stand by that policy, but we stand also by the policy of competition. We stand by the policy of encouraging Canadian talent and broadening the opportunity of choice so well defined by the chairman of the broadcasting corporation, and in that way taking advantage of the competition between publicly and privately-owned operations.

On a number of occasions we have had the report of the commission on arts, letters and sciences presented to us as an answer to this demand. The very distinguished gentleman who had so much to do with the preparation of that report and is now the Governor General of Canada, found it necessary to remove some uncertainty as to what had actually been meant by that report. Not enough attention has been paid to the explanatory speech made by Mr. Massey in Montreal on Monday, June 11, 1951. This is what he said in part in that speech:

> Although our report is long and involved, on only one point does there appear to be some misunderstanding. May I mention it now? My colleagues and I recommended that private television broadcasting stations be licensed only when the C.B.C. has available national programs, some of which the private stations would use. This does not mean, however, that there can be no television in say, Vancouver or Halifax, until the C.B.C. has completed a system of national television networks, a long and costly business. We were talking of programs. The national programs would, of course, be in the form of films or of kinescope, which for a long time to come will no doubt form a large part of the program material of television in Canada on all stations, whether private or C.B.C., until the time when television networks in Canada are possible.

In those words, Mr. Chairman, Mr. Massey was pointing the way in which we could widen and increase the opportunity for Canadian talent to have its chance. He was pointing the way in which we could expand Canadian culture. He was suggesting that we have films made in Canada, and that they be distributed to private stations as well as to public stations where the ordinary network facilities are not available. Let us remember that it is not likely within long years to come that network facilities are going to be available except to a limited number of cities in Canada. The range of television broadcasting is so short as compared with radio broadcasting that consequently these expensive microwave relay transmission chains or the relatively costly coaxial cables can serve only a limited number of cities. The broadcasts will carry only a limited distance from these points. There are cities in the northland right across Canada, and not in the distant northland, where we are still a very long way from having those communication services available to us. It is not too late, even now with the mistakes that have been made, to get back to the policy that was so clearly defined by Mr. Massey in that speech in Montreal and made for the purpose of removing the uncertainty as to what the words in his report had really meant.

We have discussed the moneys available to the C.B.C. At what point are we going to end the contribution of public money for this purpose? We do not know where it will go. Can anyone here tonight say what new sales are going to be made of new types of broadcasting sets or new types of television sets when colour becomes common next year, certainly to those who get broadcasts from the United States? We cannot tell how much more will be available than is available today. The method by which we are financing the C.B.C. is not consistent with the measure of supervision that should be demanded by members of this parliament over the expenditures of public moneys by any of the agencies they create. Most certainly that should be subjected to rigid, continuing and exact tests.

I am not going to deal with the particular subject of the content of radio broadcasting. I have said before, and I repeat, that we get many excellent programs that originate with the C.B.C. We must examine the whole picture objectively on balance. My point is that with whatever excellent programs there may be, some that are very much to the contrary are mixed up with them. What we must do is to examine how far we have gone along the road that was laid down as the reason for giving so much public money to this organization. I submit that on the evidence before us, by the policy the government is laying down, and for that the C.B.C. is not responsible, the government itself would deny the fulfilment of these purposes, and is in fact making these expenditures largely ineffective for the purpose of carrying out the stated intention of those who initiated this plan of heavy public expenditure.

I want to deal briefly with another specialized branch and that is the international service. This international service is operated by the C.B.C. I understand that it is supposed to be an agent of the Department of External Affairs. The estimates for the coming year for the international shortwave broadcasting service amount to $2,394,450. There is one way, one sure easy way, by which we could have some evidence as to what is really being accomplished by the international shortwave broadcasts. We could have placed before us reports from the Canadian embassies in those countries beyond the iron curtain where they have a chance to hear them. Let us have a report from Moscow where we have a Canadian embassy as to how many Russians hear that broadcast. Let us have a report as to how often the members of the Canadian embassy in Moscow listen to this Canadian report. Let us find out how many Russians they have heard of who have heard that report. I will say this, that I have been informed by someone who has at least had the opportunity of visiting the Canadian embassy in Moscow that on the very rare occasion they ever heard of a Canadian broadcast being put on, it was promptly blocked off by the very simple method available in Russia, or anywhere else.

Let us ask the representative in Czechoslovakia how many Czechs have heard broadcasts; or in Hungary, or in Roumania, or in Poland, or in Bulgaria, or in any other country to which we are beaming those broadcasts at this time. Let us have a full and effective statement from those Canadians who have been actually over there as to what they have found. Mr. Chairman, as it stands at the present time, we have had not one word of evidence before us which justifies the expenditure of another cent on that particular type of broadcast.

Mr. McCann: We have not had the opportunity to give it to you.

Mr. Drew: Oh yes.

Mr. McCann: Mr. Chairman, on a point of order. It was decided—and the Leader of the Opposition I would say to him is the worst offender that we have today of going against an agreement which is made—

Mr. Drew: What agreement?

Mr. McCann: That we had this morning as to the discussion of the estimates of the Department of National Revenue.

Mr. Drew: That statement is untrue.

Mr. McCann: It is true.

Mr. Drew: It is untrue.

Mr. McCann: And again this afternoon it was decided here that the general discussion would take place on the item of the loan. However, he is off on a tangent into the transactions of the international shortwave broadcasting, on which I told him I was prepared to make a statement. And yet he boldly says, "We have not had one word of information with regard to this particular matter." And I say to him that he has not given me the opportunity.

Mr. Drew: First of all I repeat that the statement made by the minister that any understanding was made is absolutely untrue.

Mr. McCann: Look at the record of *Hansard*.

Mr. Drew: It is absolutely untrue. The fact is that here we are at this time, with this broadcasting debate going on as long as it has, without any evidence before us which would tell us what the service is. If we are going to get evidence from the minister as to the usefulness of that service, then I for one would immediately welcome it, because we have waited for it.

But I want evidence of statements of the men who have been there, and not just generalities by the minister or from anyone else as to the kind of programs which are being sent to those countries. Also I want to hear from the minister, when he explains this, what supervision they have over those who are doing the broadcasting, as well as the supervision over the content of the broadcasts themselves.

We have heard complaints about the content of those broadcasts from people in this country who are able to understand those broadcasts in the languages in which they are

sent. The minister has said that we are going to get a statement. Well, we are waiting for it. But, Mr. Chairman, let us go back to the statements we have had about Canadian broadcasts. Let me repeat what was said in that respect by the Minister of Transport as reported in *Hansard* of March 17, 1953 when he said:

> What I believe the people of Canada want more than anything else is that in the field of television the programs should be of Canadian origination and of Canadian content and should not be canned programs coming in from the United States.

He also indicated that the general purpose of radio broadcasting is Canadian content. Mr. Chairman, we are getting canned broadcasts from the United States. What has been done is to use public money to increase the number of broadcasts from the United States, instead of diminishing it. I submit that this is a time for re-examination and an assurance from the minister that the money voted on this occasion to the department will in fact be supervised under a clear policy by the government, and will in fact conform to the stated purposes so clearly outlined by the government itself when it initiated this service.

Mr. Nicholson: Mr. Chairman, before the item carries I would like to suggest to the Leader of the Opposition that he has moved a long way from the position that the Right Hon. Mr. Bennett took when the radio bill was introduced. While the Leader of the Opposition was speaking I was reading what Mr. Bennett said on May 18, 1932. He said, in setting forth three important points:

> First of all, this country must be assured of complete Canadian control of broadcasting from Canadian sources, free from foreign interference or influence. Without such control radio broadcasting can never become a great agency for the communication of matters of national concern and for the diffusion of national thought and ideals, and without such control it can never be the agency by which national consciousness may be fostered and sustained and national unity still further strengthened.

And on the second point:

> No other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate.

The argument of the Leader of the Opposition is that free enterprise should be able to take the cream of the crop, and that the federal government should wait for a long time for the people on the frontiers to have television.

Mr. Drew: I said the very opposite.

Mr. Nicholson: And Mr. Bennett's third point was this:

> The use of the air, or the air itself, whatever you may please to call it, that lies over the soil or land of Canada is a natural resource over which we have complete jurisdiction under the recent decision of the privy council. I believe that there is no government in Canada that does not regret today that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people. In view of these circumstances and of the further fact that broadcasting is a science that is only yet in its infancy and about which we know little yet, I cannot think that any government would be warranted in leaving the air to private exploitation and not reserving it for development for the use of the people.

I submit that if that argument was sound 22 years ago—and it was—it is equally sound today, when we are considering the future of television. And I am happy to say that the father of the Minister of Veterans Affairs, speaking for the opposition of that day said:

> I just wish to endorse the views expressed by my right hon. friend the Prime Minister and to say that I am in full accord with the principle embodied in this bill. I have been supporting this principle from the first more particularly after the work of the Aird commission, but I knew the difficulties in the way and the strength of the propaganda carried on to prevent the work of that commission from having the results which we witness today.

And the leader of this party at that time, the late Mr. Woodsworth, said:

> I should just like to associate myself with the last speaker (Mr. Lapointe) in congratulating the Prime Minister on his promptness in bringing down this bill to implement the report which has been unanimously adopted. May I further express my own very great appreciation of the admirable statement which the Prime Minister has made?

As the hon. member for Hamilton West said correctly this afternoon when the leader of this group was speaking, and when he regretted that the C.B.C. was not able to sponsor "Singing Stars" but had to leave that to a private corporation, the private corporation could deduct from income tax the cost of those broadcasts, which meant that in the long run the Canadian taxpayer did pay for the broadcasts.

I hope that the parliament of this country will make adequate funds available to the C.B.C. so that the goal Mr. Bennett had 22 years ago for radio will be realized for television. I represent in parliament over 50,000 people. We have no radio station there and we have no television either. I hope we shall not have to wait until the free enterprisers decide that it is a profitable field in the country for expansion before our people will have the privilege of having television programs.

An hon. Member: Does the hon. member think that the government should do it?

Mr. Nicholson: I believe the people of Canada collectively have to provide those services for the people. I see no reason why we cannot, through our publicly-owned C.B.C., carry out the principles Mr. Bennett outlined 22 years ago when he suggested the airwaves belonged to all the people and all the people should have the advantages that those in the cities have.

The Deputy Chairman: Shall the resolution carry?

Mr. Macdonnell: Before I ask one or two questions of the minister I should like to comment on what has just been said. I would say first that everything that was outlined by Mr. Bennett 22 years ago has been done, but that the world does move. In 22 years new problems and new situations arise, and I feel rather proud of belonging to a party that does not have to be sterilized and remain absolutely as it was 22 years ago. We are prepared to progress, and as a matter of fact I do not understand that there is any considerable body of people in this country today who deny that there is a place for the private broadcasting stations, just as we have proclaimed and affirmed that there is a great place for the Canadian Broadcasting Corporation.

In this connection a good deal has been said about the wise remarks made by the head of the C.B.C. with regard to the all-important question of freedom and of choice. I should like to contribute a small extract from a speech made by a man whose name I think is now well known, Malcolm Muggeridge of London *Punch*. It is quoted in *Time* of August 3 last, and it is very relevant to the question of freedom and of the rights of minorities which we have been discussing, and which I think has become much clearer in the last 22 years than it was at that time. It has become much more—what shall I say—vital to us and much more precarious than it was then, too. These are extracts from a letter that Muggeridge wrote, as I say, appearing in *Time:*

> Radio, you consider, is too potent an influence to be allowed, like printing, to be under private control . . . Private television companies, you argue, because they must look to advertising sponsors for their revenue, would necessarily be guilty of vulgarization and distortion to serve their own base interests. On the other hand, the B.B.C. may be relied on to sustain elevated standards. Let us see how the system has worked in practice.
>
> In those disastrous years prior to September 1939, you will recall, one notable voice was never heard from Broadcasting House; a voice which, in 1940 when it was almost too late, was able to summon up endurance and courage. How wonderful it would have been if this voice, Sir Winston Churchill's, had been heard on the air warning of the wrath to come. The corporation, however, would not have it because of Britain's appeasement policy. I would myself cheerfully have put up with hours of Mr. J. Fred Muggs—

I am not quite sure who Mr. Muggs is. He is evidently a well-known prize bore.

Mr. Stuart (Charlotte): A termite.

Mr. Macdonnell: I continue:

> I would myself cheerfully have put up with hours of Mr. J. Fred Muggs for such a deliverance as Sir Winston Churchill would have provided from the B.B.C.'s bromides.
>
> Freedom, it seems to me, lies not so much in objectivity, which is largely beyond human realization, as in variety. Those who appear regularly on B.B.C. must be prepared to blow their trumpets or sound their cymbals or scratch their violins in accordance with the corporation's baton. Whether the music is good or bad, there is one orchestra with one conductor, following one score, and this state of affairs is both unhealthy and dangerous.

I suggest to the hon. member for Mackenzie that whatever wisdom there is in this is wisdom that we have learned in the last twenty years by reason of certain dangers that were undreamt of twenty-two years ago.

I continue to read briefly:

> Last year, during the Republican convention in Chicago, I sat with my head in a television set for four days. The convention coverage could not have been better done. There was not the smallest sign of partisanship. At intervals a personable young lady appeared to recommend a particular brand of refrigerator, but when her appearance would have interrupted a dramatic development, it was postponed. According to the fatuous mythology of the Left, the sponsors should have been Taftites. If so, there was nothing to give the smallest indication that this was the case.
>
> Most of the British newspapers have put up a particularly hilarious performance. They do not want to lose advertising to commercial television. They have therefore discovered all sorts of high-minded reasons for preserving in the case of the B.B.C. a monopoly which, in any other field, they would denounce. Then there has been the unforgettable spectacle of politicians rising up to explain how their sensitive natures recoil from the vulgarity of commercial radio. It is rather as though Moll Flanders, confronted with the possibility of finding herself alone with a gentleman friend, should have fainted right away from shyness.
>
> Does anyone suppose that if the Elizabethan theatre had been under public control it would have produced Shakespeare? Mr. Justice Shallow in all his many guises would have greatly exerted himself to, as it were, keep Sir John Falstaff off the air.

I have read that, Mr. Chairman, because it seems to me a voice pointing us to realities. I think the reality of the situation is that we should have C.B.C. strong and able to render the service it is rendering, but why

should it be necessary to go back 22 years when the problem was different? The problem then was to be sure that there was a C.B.C., and it was done and it has gone on and we have supported it. But entirely new conditions have arisen which, as I say, I think carry the judgment of the people as to the propriety also of the private stations to give the local services.

Mr. Knowles: The basic principle is there, though.

Mr. Macdonnell: Having said that I want to ask the minister some questions about the statement of income and expenditures which we have. I have in my hand a report of the corporation to March 31, 1953. I have no doubt the minister has figures available up to March 31, 1954, and if so they might be helpful.

Mr. Nesbitt: I have just a brief question or two that I should like to ask the minister in regard to the matter of the Canadian Broadcasting Corporation. It has been brought to my attention that a situation occurred, and the type of situation that I will deal with in a moment could occur only in western Ontario, the Toronto area or in Quebec in the thickly populated parts of Quebec. It is my understanding that owing to C.B.C. regulations it is quite impossible for two or three or more privately-owned radio stations to broadcast programs simultaneously. The situation I am referring to arose in connection with a privately-owned retail store, which I believe wished to put on a live program in one of the areas of western Ontario. The city from which it was intended to broadcast was in the centre of quite a large agricultural area. Since a fair number of people came from the outlying areas the idea was conceived that other small cities equipped with radio stations might carry the program at the same time. Naturally, it costs money to employ live talent. This program could have been broadcast simultaneously from two or three other adjoining small cities with radio stations. But apparently the request was turned down as it was considered that this would constitute the setting up of a private network.

Now having had some legal training I realize that statutes have to be put in force to deal with matters such as the setting up of networks in opposition to the ones that have been approved, but it would seem to me that this type of situation was not envisaged by the people who drafted the C.B.C. regulations. When the minister makes his statement I would like to hear some comment on this situation because it does not seem reasonable or exactly fair.

There have been a number of remarks about programs this afternoon and this evening in regard to the C.B.C. Quite frankly I personally enjoy a very great many of the programs put out by the C.B.C. For example, C.B.C.'s "Wednesday Night" is a particularly fine program, and I think the carrying of the Metropolitan Opera albeit from the United States and financed by the Texaco Company, which comes through on Saturday afternoon, is a fine thing also. But I think the C.B.C.'s "Wednesday Night" is produced by the C.B.C. itself. I think the C.B.C.'s "Wednesday Night" program is a very good example of a very high cultural effort enjoyed by a number of people, but I think the number of people who listen to the C.B.C.'s "Wednesday Night", compared with the number who do not listen, would astound the minister. In fact, only a small percentage of the people actually listen to it.

I am not criticizing this effort for indeed the program is an excellent one, but I am simply pointing out that it is very difficult to foist culture on people if they do not wish to listen to it. It might be argued that the people should listen to it, but they will not listen to it if they do not like it, and I am sure there is very little can be done about it.

Now, regarding the other programs that come through, the C.B.C. did carry at one time on Sunday afternoons a program of the New York philharmonic orchestra. This was one of the so-called cultural programs which did have a very wide audience, and was widely enjoyed by a great many people. I think I can say quite truthfully that if I have had one I have had more than 50 people asking me to find out some time or other why this program was no longer carried over the air on a Sunday afternoon. This program was heard for many years, and indeed it is one of the oldest programs on radio. However, for some reason or other it is no longer carried. It may be it is carried on some of the C.B.C. stations, but I know it is no longer carried over CBL which is the principal station heard in Toronto and western Ontario, an area which is one of the most thickly populated parts of the country.

As regards the programs carried on TV, I would just like to make a few comments on one which was carried last evening over CBOT Ottawa. It was a very interesting production of Richard Strauss's opera "Salome" which represented a very high cultural experience. It is very pleasant indeed to see operas produced over the air,

but I cannot say that I think that particular one was the best that could have been given. Those who are familiar with the biblical story of John the Baptist and Salome, and there have been several operas done on this theme, will know that this one is particularly gruesome. I happened to see it last evening and there were a number of people watching. At the end of the opera the young lady in question, after doing the dance of the seven veils—and it was quite agreeable—takes the head of John the Baptist and proceeds to carry it around by the hair, and she fondled it rather considerably.

I do not intend to bring any levity into this matter. There were a number of people there quite near me who said they had to get up and leave. It was rather unpleasant to many people. I would just like to mention these things. Many of the programs are good but I think the minister might direct the staff to pay a little more attention to some of the programs produced both on TV and on the C.B.C. radio. Sometimes what is considered culture by some rather high-minded people in these offices is sometimes considered by the ordinary person to be rather offensive. I see, Mr. Chairman, it is almost ten o'clock so I will conclude my remarks at this juncture.

Mr. McCann: Mr. Chairman, this debate this afternoon, as usual, has been very interesting. We have heard words of criticism and words of commendation with reference to the C.B.C. To those who have extended commendation I am grateful, as well as to those who have offered criticism, because we can all learn from criticism. However, some of the criticism and some of the statements made were wrong in terms of fact, and I want to put on the record this statement with reference to the one made by the Leader of the Opposition.

He made the statement that the C.B.C. has a duty to carry out government policy. That statement is not correct. According to statute the C.B.C. is not an instrument of government to carry out government policy, but on the contrary is supposed to carry out independently the will of parliament in accordance with the C.B.C. act. It is to parliament that the C.B.C. is responsible, and that is the reason—oh, yes. The hon. member for Greenwood shakes his head. Let him read over the Canadian Broadcasting Act and he will see to whom they are responsible. They are not responsible to the minister and they are not responsible to the government. They are responsible to parliament and that is the reason we have the biannual meetings of the radio committee.

[Mr. Nesbitt.]

The hon. member for Eglinton, in criticizing the government before he left for Toronto —and we might expect of course, that he would give that criticism and then—

Mr. Macdonnell: It is a very respectable place to which to go.

Mr. McCann: The hon. member complained the committee was not held this year. I might point out that the committee concluded its final hearings last year early in May, and brought in its report on the 9th of May. However, in that regard I will go so far as to say that we will welcome the setting up of the committee on radio at the next session of parliament, and that will be one of our very first duties.

The hon. member also complained that we had not the annual statement for the year 1954. But our fiscal year ends on March 31 so that we have had about eight or ten weeks in which to prepare an annual statement, have it audited, and presented to the house. There is no commercial organization of a type similar to the C.B.C. that can have a statement ready within six or eight weeks after the end of the fiscal year, have it audited, and bring it before the shareholders. That statement will be given in due course.

Meantime, I want to make this statement with reference to our finances. Revenues and expenditures for the period ending March 31, 1954, are approximately the following: on sound radio we get a government grant of $6,250,000, and excise tax income amounted to $5,057,000; commercial revenue has been $2,471,000 and miscellaneous about $314,000, so that the receipts on sound radio have been $14,092,000. Our operating expenditures were $12,486,000 and depreciation and obsolescence amounted to $515,000. We therefore have an operating surplus on sound radio for the year ending March 31, 1954, of $1,091,000.

Now, on the television side the excise tax revenue has been $11,700,000, and commercial revenue, which is very good for the time we have been in operation, amounted to $1,334,000. Miscellaneous revenue is about $48,000. Our expenditures, operating, are $7,326,000. That leaves a balance of $5,756,000. As against that we have written off for depreciation and obsolescence $425,000, leaving a net operating revenue of $5,331,000. As I stated this afternoon, that will be used for further capital expenditures along with this amount of money of $3 million if the committee passes it.

The hon. member for Eglinton was critical of our finances and he was critical of

our policy. I should just like to bring to the attention of the committee what the policy is as set out in a statement which I made on Monday, March 30, 1953. I had previously made a statement on December 8, 1952, in which I mentioned six centres in which Canadian Broadcasting Corporation television stations were to be established immediately and indicated that applications would be received for private stations to serve other areas. This will answer the question of the hon. member for Macleod. Any town of 25,000 or 30,000 can make application for a private television station and they are likely to get it because it would not be one of the areas that are what might be called pre-empted by the C.B.C. I pointed out that under the plan the private stations licensed would carry national program service of the C.B.C.—that is one of the stipulations—besides having time for programming of their own. I said also, as reported at page 409 of *Hansard* of December 8, 1952:

> Since the objective will be to extend services as widely throughout Canada as is practicable, no two stations will be licensed at the present to serve the same area. A television station can serve only a comparatively small area. Canada is very large and it will require a good many stations before television can be brought to the people in most parts of our country. It is desirable to have one station in as many areas as possible before there are two in any one area.

I suggest that that is a very simple and practical policy. These words make it clear that it was not the policy of the government to create monopoly in television or to limit any one area indefinitely to one television station. The principle of one station to an area is to apply only until an adequate system is developed.

Some hon. Members: Ten o'clock.

Mr. McCann: At the rate that applications for stations are being received, it may not be long—time has shown that there are 16 either in operation or under construction—

The Deputy Chairman: Order. I hear several hon. members mentioning the fact that it is ten o'clock. Is the consent of the committee given for the minister to complete his statement this evening?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. McCann: —it may not be long before there is a sufficient degree of national coverage to justify the government and the C.B.C. giving consideration to permitting two and perhaps in some cases more than two stations in certain areas. It is anticipated that, in due course, private stations will be permitted in areas covered by C.B.C. stations, and the C.B.C. may establish stations in some areas originally covered by private stations. The ultimate objective of the C.B.C. is to have at least one station in every province of Canada where that is practicable. We understand that private applications have been under development in the five provinces where no C.B.C. station is now under way.

Of course, this was the condition back in 1953, over a year ago. I just want to state to the committee and to the country that the policy of the government with reference to licences is the same today and will continue to be the same for a further period as it was when we initiated it on March 30, 1953.

I think it was the hon. member for Rosetown-Biggar who asked—

Mr. Macdonnell: Mr. Chairman, I apologize for interrupting the minister but my understanding is that there are still one or two statements to be given. There is one that the Leader of the Opposition asked for. After all it is ten o'clock and I do not see any reason at all why we should be sitting here indefinitely. If it were only a question of two or three minutes, that would be another matter.

Mr. McCann: That suits me all right. I am not breaking any agreement.

Mr. Macdonnell: Just a minute. I want to know what the minister means by that. If he is suggesting—

The Deputy Chairman: Order.

Mr. Knowles: This is where we started.

Mr. Macdonnell: Mr. Chairman, if that remark was directed at me, may I ask that the minister withdraw it?

Some hon. Members: Ten o'clock.

The Deputy Chairman: Order. I was under the impression that the committee had given unanimous consent to the minister to continue. However it is more than possible that in the chorus of yeas and nays I may not have heard those who were opposed. Therefore if there was any idea that there was unanimous consent, the idea was mine. It being ten o'clock, shall I report the resolution and ask leave to sit again?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: Mr. Speaker, on Monday we shall take first a resolution which is not yet on the

order paper with respect to the Canadian armed forces. There will be two stages to this resolution, namely the signification of His Excellency's consent and recommendation and then the resolution stage itself. As I understand it, that has been agreed upon in the veterans affairs committee. Then we shall take consideration of the amendment to the bill which came back from the other place with respect to inventions of public servants. I understand this is only a matter of some technical changes in the French version of the bill. Then we shall take the National Harbours Board Act, the Veterans Land Act, the Excise Tax Act, the Excise Act, the Customs Tariff, Income Tax Act and Canadian National Railways. If we complete that business we plan to proceed with disability allowances. We shall take that debate until we reach second reading but not continue with the committee stage. If we still have time we shall take supply beginning with national revenue, followed by fisheries, mines and technical surveys, legislation and privy council.

Mr. Green: I wish to raise one point. It was my understanding that the Veterans Land Act would be taken before the National Harbours Board Act.

Mr. Harris: I am sorry if I read the items in the wrong order. They will be changed as the hon. member suggests.

Motion agreed to and the house adjourned at 10.10 p.m.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

295. General administration (including the former customs excise seizure expenses and adjustments), $2,822,515.

296. Inspection, investigation and audit services, $3,376,797.

Ports, outports and preventive stations—

297. Operation and maintenance, $22,553,155.

298. Construction or acquisition of buildings, works, land and new equipment, $1,050,000.

Customs and excise divisions—

Ports, outports and preventive stations—

691. Operation and maintenance—further amount required, $703,710.

HOUSE OF COMMONS

Monday, June 7, 1954

The house met at eleven o'clock.

NAVIGABLE WATERS PROTECTION ACT

RECOVERY OF COST OF MARKING OR REMOVING WRECK—SEAMEN'S SECURITY REGULATIONS

Hon. Lionel Chevrier (Minister of Transport) moved the first reading of Bill No. 471 (from the Senate), to amend the Navigable Waters Protection Act.

Motion agreed to and bill read the first time.

POST OFFICE ACT

ENLARGEMENT OF PROVISION RESPECTING DISTRIBUTION OF NEWSPAPERS AND PERIODICALS

Hon. J. W. Pickersgill (for the Postmaster General) moved the first reading of Bill No. 473 (from the Senate), to amend the Post Office Act.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING

Bill No. 472, to incorporate Canadian Slovak League.—Mr. Reinke.

QUESTIONS

CENTRAL MORTGAGE AND HOUSING—LOANS IN REGINA

Mr. Ellis:

1. How many loans have been approved by the Central Mortgage and Housing Corporation in Regina, since the proclamation of the new National Housing Act.
2. What is the maximum lending value placed on a house and lot in Regina, with a final price to the purchaser of: (a) $10,000; (b) $11,000; (c) $12,000; (d) $12,500?
3. What is the maximum loan that has, to date been granted on each of the categories listed in question 2?
4. Are chartered banks permitted to require a deposit of from $300 to $400 over and above the down payment before authorizing a loan?

Mr. Bourget: Mr. Speaker, I have spoken to the hon. member, and he has agreed to re-word this question.

Mr. Speaker: Question No. 8 withdrawn.

INTERNATIONAL TRADE FAIR—SUBSIDIES

Mr. Lennard:

1. Were any subsidies paid by the Canadian government in each of the years, 1951, 1952 and 1953, to support the Canadian international trade fair?
2. If so, what amount for each of the above years?

Mr. Howe (Port Arthur):

There are no individual subsidies paid. The Canadian international trade fair is financed by the government of Canada. The expenditure and revenue for each trade fair is as follows:

Fair	Expenditure	Revenue	Net cost
1951	$720,753.72	$415,243.14	$305,510.58
1952	709,455.07	498,357.07	211,098.00
1953	795,123.22	604,404.72	190,718.50

BUTTER

Mr. Fraser (Peterborough):

1. How much 1953 butter did the government have on hand on May 31, 1954?
2. How much 1953 butter was sold on the reduced cost basis during May, 1954?
3. How much 1954 butter did the government have on hand on May 31, 1954?
4. How much 1954 butter did the government purchase in May, 1954?

Mr. McCubbin:

1. 27,163,080 pounds.
2. 6,249,800 pounds.
3. 8,193,920 pounds.
4. 8,064,560 pounds.

QUESTION PASSED AS ORDER FOR RETURN

COMBINES INVESTIGATION STAFF

Mr. Fulton:

1. How many resignations from and transfers out of the staffs appointed to carry out the Combines Investigation Act (exclusive of "such temorary, technical and special assistants as may be required to meet special conditions" referred to in section 24 of the act) have there been in each fiscal year since March 31, 1950 to date?
2. With respect to appointments to the positions thus vacated within this period, from what provinces, giving totals only, did such appointees come at the time of such appointment?
3. What has been the average number of the staff maintained for the purpose of this act as defined in part 1 during this period?

Mr. Garson: Return tabled.

Motions for Papers

MOTIONS FOR PAPERS

HENDRY REPORT

Mr. Dinsdale:

For a copy of the Hendry report on the subject of welfare services for the Canadian armed forces.

Mr. Claxton: Mr. Speaker, this motion refers to a report made by a professor in Toronto at the request of the defence research board, which was asked for by the personnel members committee consisting of the adjutant-general of the army, the chief of naval personnel and the air member for personnel of the Royal Canadian Air Force. It was intended for the information and guidance of the officers concerned. It is privileged and should not be produced.

An hon. Member: Same old excuse.

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

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Dinsdale) which was negatived on the following division:

YEAS

Messrs:

Argue	Knight
Bell	Knowles
Bennett, Miss (Halton)	Lennard
Blackmore	Low
Blair	Macdonnell
Bryson	MacInnis
Cameron (Nanaimo)	MacLean
Campbell	McLeod
Cardiff	Michener
Castleden	Monteith
Charlton	Montgomery
Churchill	Nesbitt
Coldwell	Nicholson
Diefenbaker	Nowlan
Dinsdale	Patterson
Drew	Pearkes
Fairclough, Mrs.	Poulin
Fulton	Quelch
Gagnon	Robinson (Bruce)
Girard	Shaw
Green	Thatcher
Hahn	Thomas
Hansell	Trainor
Hees	White (Middlesex East)
Holowach	Winch
Johnston (Bow River)	Yuill
Jones	Zaplitny—54.

NAYS

Messrs:

Abbott	Bennett (Grey North)
Applewhaite	Blanchette
Ashbourne	Boucher (Restigouche-Madawaska)
Barnett	Bourget
Batten	Brisson
Benidickson	Brown (Brantford)
Buchanan	Kirk (Shelburne-Yarmouth-Clare)
Byrne	Lafontaine
Cardin	Langlois (Gaspe)
Carter	Lapointe
Cavers	Lusby
Chevrier	MacDougall
Clark	MacKenzie
Claxton	MacNaught
Crestohl	McCann
Croll	McCubbin
Dechene	McCulloch (Pictou)
Enfield	McIlraith
Eyre	McIvor
Fairey	McMillan
Follwell	McWilliam
Fraser (St. John's East)	Martin
Gardiner	Mitchell (Sudbury)
Garson	Noseworthy
Gauthier (Lake St. John)	Philpott
Gauthier (Nickel Belt)	Pickersgill
Gillis	Pommer
Goode	Power (St. John's West)
Habel	Prudham
Hanna	Purdy
Hardie	Reinke
Harris	Richard (Ottawa East)
Harrison	Ross
Henderson	St. Laurent
Herridge	Shipley, Mrs.
Hollingworth	Simmons
Hosking	Stewart (Winnipeg North)
Houck	Stuart (Charlotte)
Howe (Port Arthur)	Thibault
Huffman	Tucker
Hunter	Viau
James	Villeneuve
Johnson (Kindersley)	Weaver
Jutras	Weir
Kickham	Weselak
Kirk (Antigonish-Guysborough)	Wood—92.

ST. LAWRENCE WATERWAY REPORT

Mr. Bell:

For a copy of the report of an economic study of the proposed St. Lawrence waterway, made in 1951 by the Department of Trade and Commerce, as referred to by the Minister of Transport at page 1666 of *Hansard* of December 6, 1951.

He said: Mr. Speaker, after a discussion with the minister I would request that this motion be allowed to stand.

Mr. Speaker: Motion stands.

VETERANS BENEFIT ACT

PROVISION OF VARIOUS BENEFITS TO MEMBERS OF ARMED FORCES

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the proposed measure respecting benefits for members of the Canadian forces, Bill 101 now before the house, by substituting for paragraph (c) of sub-clause (2) of clause 12, relating to the Unemployment Insurance Act, the following:

"(c) every person who was a member of the regular forces on and immediately prior to the 5th day of July, 1950, and thereafter without any interruption in service as such member, was on service

in a theatre of operations on the strength of the special force and was discharged from the regular forces within three years from the date he ceased to serve on the strength of the special force; and"

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

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

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved that this resolution be referred to the committee of the whole on Bill No. 101.

Motion agreed to.

WHEAT

DECLINE IN EXPORTS—REQUEST FOR STATEMENT

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce relating to the overseas exports of wheat. Would the minister comment on the terrifying drop to 14,600,000 bushels for the four weeks ending May 26 from 35,400,000 for the same period a year ago?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I have had no notice of the question. I am not sure that my hon. friend's figures are correct but I will be glad to look into the matter and answer this question tomorrow.

Mr. Argue: Mr. Speaker, my figures are correct.

LABOUR CONDITIONS

NAVAL DOCKYARD, ESQUIMALT—REQUEST FOR INFORMATION ON STRIKE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Associate Minister of National Defence (Mr. Campney) or in his absence the parliamentary assistant. Can the house be informed as to the situation relative to the strike or walkout of over one hundred employees at H.M.C. dockyard at Esquimalt on Vancouver island?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the hon. member gave notice of this question to the associate minister and he passed it on to me last night. The situation, as hon. members know, is that prevailing rate employees of the Department of National Defence and other government departments have the same conditions of work and wage rates as those enjoyed by employees of corresponding civilian industries in the locality. That practice prevails as regards the dockyard workers at Esquimalt. They receive the same rates and work under the same conditions as the two civilian shipyards in the vicinity.

Under the authority of treasury board minute TB 460455 dated October 30, 1953, it was provided that the superintendent of the dockyard may authorize payments of premium for what is called dirty work, that is work in boilers and so on, for which in his opinion private shipyards in the Esquimalt area would pay a premium rate. On Friday, June 4, seven employees of the dockyard were ordered to perform welding work. But in their view this was dirty work and entitled them to the premium. In the view of the superintendent it was not, and in his view, had they been employed by civilian industries in the locality, they would not have received the payment of the premium.

The issue between them is purely a question of fact. The employees did not have recourse to the grievance procedure laid down. They stopped work and a number of other employees have stopped work, presumably out of sympathy for them. That is the situation.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I would like to ask a supplementary question of the Minister of National Defence following the question asked by the hon. member for Vancouver East (Mr. Winch). Is his department taking any steps to settle this dispute?

Mr. Claxton: There is a grievance procedure in existence, and if employees would have recourse to it, that could be followed.

[*Later:*]

Mr. Claxton: Mr. Speaker, if I may, I should like to correct the answer I gave to the hon. member for Vancouver East (Mr. Winch). In accordance with a memorandum which has just reached my hand, the seven employees did not stop work. They were suspended for refusing to do their jobs. The other employees stopped work presumably out of sympathy for their attitude.

NURSES

ALLEGED SHORTAGE IN CANADA—REQUEST FOR GOVERNMENT ASSISTANCE

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare.

Has the minister seen the published statement of the president of the Canadian Hospital Council, Dr. McGugan, to the effect that there is a shortage of 10,000 graduate nurses in Canada? If so, has the government under consideration any measures that would tend to alleviate this potentially dangerous situation?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, perhaps my hon. friend would allow me to take this question as notice and I shall deal with it later.

HOUSING

CENTRAL MORTGAGE AND HOUSING—REPORTED EVICTIONS IN WINDSOR AREA

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, I wish to refer to a question asked by the Leader of the Opposition (Mr. Drew), and to information requested by the hon. members for Rosetown-Biggar (Mr. Coldwell) and York South (Mr. Noseworthy), on Friday, June 4, relating to eviction notices being served by Central Mortgage and Housing Corporation on tenants and persons who have purchased houses from the corporation in Windsor. I might add also that some representations were made a few days earlier by Mr. Earl Watson of local 195 of the U.A.W. C.I.O. to the hon. members for Essex East (Mr. Martin) and Essex West (Mr. Brown).

I have made inquiries of Central Mortgage and am advised that six notices of intention to cancel agreements for sale have been served recently on purchasers of houses from Central Mortgage and Housing Corporation in Windsor. None of the notices has yet expired and no court action has been commenced. Of the six upon whom notices have been served, two have called upon the officials of the corporation and have paid their arrears in full. One of the others has paid part of the arrears and has arranged for the balance. In the fourth case the family service bureau is taking a hand as there is domestic trouble. It is expected that this case also will be satisfactorily settled. The remaining two purchasers have not yet called upon the corporation's branch office.

Three notices of termination of lease have also been served. These notices have likewise not expired, but the tenants have all paid their arrears and are being reinstated.

During the last three months there has been one eviction in Windsor. In that case the tenant paid no attention to the notice that was served upon him, and the matter was taken to court. The tenant voluntarily vacated on June 1, as a result of the court decision. In this case the tenant was not an unemployed person and made no effort to make arrangements with corporation officials.

On March 30 the Minister of Public Works outlined the policy of the corporation in respect to purchasers and tenants in arrears. The minister pointed out at that time that where there is genuine distress arising out of unemployment the corporation will give every possible consideration to working out an arrangement suitable to both the purchaser or tenant and the corporation, but that having regard to its responsibility for the management of public funds, the corporation does not follow a policy of waiving or postponing the collection of monthly instalments on a wholesale basis. Each individual case is dealt with on its merits and only such measure of relief as the circumstances of each individual case may warrant is given.

The corporation has under management in the Windsor area over 1,000 houses. These are rented at rentals considerably below the market. In addition, the corporation has under agreement for sale some 3,000 houses. In these cases also, the repayment arrangements are most favourable to the purchasers.

In the circumstances, I believe the house will agree that the policy followed by the corporation is the only policy that can be followed consistent with its responsibilities.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, as a question supplementary to the answer given by the parliamentary assistant, may I ask him if he will draw to the attention of Central Mortgage and Housing Corporation the desirability of giving consideration to the general and unexpected distress in Windsor caused by the unanticipated lay-off of men by the Ford plant which will greatly affect the very situation that he has outlined and will bring into operation the policy explained by the minister in this house?

Mr. Bourget: I will be glad to do that.

[*Later*]:

Mr. J. W. Noseworthy (York South): Mr. Speaker, may I direct a question to the parliamentary assistant to the Minister of Public Works in the absence of the Minister of Public Works and the acting minister.

Some hon. Members: No; he is here.

Mr. Noseworthy: In view of the further lay-offs which are reported from Windsor, will the government assure the house that

those laid off will not be evicted from any homes they are purchasing under Central Mortgage and Housing Corporation?

Hon. W. E. Harris (Acting Minister of Public Works): Mr. Speaker, just to point out to my hon. friend that I am not absent, may I say that the answer to his question lies in the answer previously made by the parliamentary assistant.

GRAIN

UNITED STATES SELLING POLICY—REPORTED DISCUSSIONS WITH UNITED STATES OFFICIALS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. It arises out of a question I asked him on Tuesday with regard to meetings in Washington in connection with the grain selling policy. Is it a fact that Mr. M. W. Sharp, associate deputy minister of trade and commerce, and William C. McNamara, assistant chief commissioner of the Canadian wheat board, have been in discussion with officials in Washington with regard to the fact that the United States is making available surplus supplies of corn, oats, barley and rye for export markets at prices below world prices and also with a view to seeing whether something of a common policy might be arrived at so that Canada's market in these grains would not be lost?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, Mr. Sharp and Mr. McNamara were in Washington last week discussing various matters with the department of agriculture and the various branches thereof. It was not my understanding that the matters referred to by my hon. friend were the subject of conversation, although they may have been. I think they were discussing sales of wheat. However, I regret to inform the house that, in spite of representations, the Americans cut their price of wheat on Friday by ten cents.

Mr. Diefenbaker: Mr. Speaker, what effect will that cut have on the prediction the minister made some time ago with regard to the optimistic future for the marketing of Canadian wheat at present prices?

Mr. Howe (Port Arthur): The minister is just as optimistic now as he was when he made the statement.

Mr. Knowles: Your optimism is all you have left.

PORK

INQUIRY AS TO EXPORT TO RUSSIA

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, may I ask the Minister of Trade and Commerce whether he can now clarify the point I raised on Thursday last with reference to the terms of the tender on canned pork sale? The minister will recall that I asked whether the terms were that the goods should be shipped off the North American continent or merely outside of Canada.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I regret that I was out of the city on Friday and Saturday last and the information has not reached me. However I will certainly have it tomorrow.

Mrs. Fairclough: Thank you.

PUBLIC SERVANTS' INVENTIONS

PROVISION FOR OWNERSHIP, MANAGEMENT AND PAYMENT—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. W. Pickersgill (Secretary of State) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 444, respecting inventions by public servants.

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, naturally I have no objection to the amendments proposed by Their Honours with respect to this bill. They are set out at page 703 of our *Votes and Proceedings* for Thursday, June 3. Since the purpose of these amendments is to make certain corrections in the French version, I merely rise to express the hope that we will not carry forward into the French version of this bill a mistake that appears in the 17th of the proposed amendments. I refer to the spelling of the word "fonctionnaires". It should read "fonctionnaires"; not "fronctionnaires".

Mr. Speaker: I do not find the exact place where the hon. member has found the misspelled word, but if it is there as he has noticed it, it will be corrected. I think it is worth mentioning that the hon. member had perused the French version in such an expert manner as to have detected that misspelled word. I am sure that those who are responsible for the French translation will be very grateful to him and will correct this clerical

error. There is no doubt that in spelling the word "fonctionnaires" in French the "r" must be deleted after the "f".

Motion agreed to, amendments read the second time and concurred in.

VETERANS LAND ACT

AMENDMENT TO PROVIDE ASSISTANCE FOR HOME CONSTRUCTION, ETC.

The house in committee on Bill No. 459, to amend the Veterans Land Act—Mr. Lapointe—Mr. Applewhaite in the chair.

On clause 1.

Mr. Brooks: Mr. Chairman, this bill has had very careful study by the veterans affairs committee. I think there was unanimity as to the principle and application of each of the sections of the bill. Certain amendments were recommended and I understand that they are before us this morning. For that reason I do not see that it is necessary to have an extensive discussion of the bill at this time.

Clause agreed to.

The Deputy Chairman: I would draw to the attention of the committee that the bill has not been reprinted. According to the bill I have before me, the numbers were changed in the committee and clauses 2 to 9 would not appear to be in the hands of hon. members. However, I understand that these clauses were all adopted by the special committee on veterans affairs. I will call the clauses slowly in order that hon. members will not be caught by surprise.

Clauses 2 to 11 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL HARBOURS BOARD ACT

AMENDMENTS RESPECTING POLICING, HARBOUR TOLLS, ETC.

The house in committee on Bill No. 421, to amend the National Harbours Board Act—Mr. Chevrier—Mr. Applewhaite in the chair.

On clause 1—*Owner.*

Mr. Green: Mr. Chairman, I regret that the Minister of Transport is not in the house for the consideration of this bill. It is one which is of great importance to those portions of Canada where there are national harbours. It involves some very important principles and I believe that this is a case in which the minister should not have deputized his parliamentary assistant to handle the bill in the committee stage of the house. I would hope that the minister could be present before the discussion has gone very far. He was here a few minutes ago and I see no reason why he should not be in the house to participate in the discussion.

There was very little debate on the measure when it was given second reading in the house. The reason for that was that the bill was complicated. It contained some drastic new provisions and those on the opposition side felt that it would be appropriate to have the bill studied in the standing committee and that a more effective debate could take place when it came back to the house. In the standing committee on railways, canals and telegraph lines we heard representations from counsel for the Shipping Federation of Canada and the Vancouver chamber of shipping. Very serious objections were taken to certain sections of the bill. Some amendments were made which had the result of reducing the objectionable features, but in our opinion further amendments are required before the bill can be considered satisfactory.

I should like to point out the position of the national harbours board. It was set up in 1936 to manage seven of the harbours of Canada, namely, Halifax, Saint John, Chicoutimi, Quebec, Montreal, Churchill and Vancouver. It has no jurisdiction whatever over the other ports of Canada, some of which are of great importance. For example, there are the ports of New Westminster on the west coast, Sorel on the St. Lawrence and St. John's in Newfoundland. The national harbours board only has jurisdiction over seven of the ports of Canada.

I submit that the important thing about these ports is not the national harbours board but the business that flows through the ports. Representing one of the constituencies in the city of Vancouver, I can say without fear of contradiction that we do not want the national harbours board to interfere with the shipping business through our port to any greater extent than is absolutely necessary for the national harbours board to carry on its business. This is where our main objection to the bill arises. We believe that the bill gives the national harbours board far more power than it requires to carry out the management of these ports. It gives it so much power that the result may very well be to interfere with and cut down business in these Canadian ports.

It must be remembered that these ports are in competition with other Canadian ports that do not come under the national harbours board. For example, Vancouver is in stiff competition with the port of New Westminster, and we do not feel we should be

handicapped by bureaucratic restrictions which do not apply to the port of New Westminster. Furthermore, we are in very stiff competition with the west coast United States ports such as Seattle, Tacoma, Portland and San Francisco. Every curb that is put on the business of the port of Vancouver has a tendency to force business from that port into the United States ports. It must be remembered that this shipping business is an international business. The rules are international rules. This business is not conducted under rules Canadians like to make; it is carried on under broad international rules. It is of the utmost importance that there be no restrictions imposed by the Canadian government which will have the effect of diverting that shipping to other ports.

I said a few moments ago, Mr. Chairman, that the powers which still remain in this bill, after the amendments proposed by the committee, are too extensive. I propose to mention four of those powers about which we make serious complaint. In the first place, dealing with clause 1 of the bill, hon. members will find that there is a definition of the word "owner". It defines the "owner" of a vessel. Then, it defines the owner of goods. My objection is to the definition of the owner of a vessel. In the case of a vessel the owner was originally defined to include the agent, charterer or master of the vessel. In the committee the word "charterer" was qualified by adding the words "by demise", so that only the charterer by demise is to be considered as the owner. If he is the charterer by demise he has taken the ship over as a whole and is quite properly made subject to the restrictions and penalties imposed upon an owner.

However, the word "agent" still remains, and we object strenuously to having the agent treated in the same way as the owner of the vessel. These agents for vessels are not agents in the ordinary sense of the word. They merely look after the servicing of the vessel while she is in port. For example, they may arrange for the docking of the vessel, for her supplies to be purchased and also may arrange for the cargo that is to be shipped out as well as for the cargo that has been brought into the port. There are two or three different types of agents. Some are known as berthing agents and they look after the arrangements for the berthing of the vessel. Some are known as husbanding agents, who look after the various matters to which I have referred. Some are general agents, but in no case are they responsible in any way for the operation of the vessel itself. Yet, in the way this bill is drawn, these shipping agents are to be made responsible for whatever is done by the vessel itself.

The most objectionable section of the bill is the clause containing what will be the new section 16 (7) of the act. Under this provision the board can sue the agent for any damage done to harbour board property by a vessel, and that might involve thousands of dollars. It is absolutely unfair that the agent should be put in the position of being responsible for claims of that kind. This new section 16 of the act gives the national harbours board the power to seize a vessel if a vessel does damage to harbour board property or in case of various other eventualities. This power of seizure is of the greatest protection to the board. It is a drastic power because whenever a vessel is seized the result is a loss of thousands of dollars each day it is tied up, yet, the board is given this power to seize. In every case the ships carry insurance which protects them against claims of this kind, so the board is protected by this insurance.

It was admitted in the committee that the national harbours board has never lost one cent by reason of damage done to harbour property by a vessel, yet it is now asking the right to make the agents fully responsible for damage of this kind. I know it will be argued that the act now contains power to sue the agent; that was argued in the committee. But I point out that the power has never been exercised in the 18 years during which the board has been in existence. Furthermore, it is only a secondary recourse for the board. Under the act as it is now, the first recourse is to seize the ship, and that is what ought to be done in every case. This right to claim against an agent is only a secondary recourse, and as I say has never yet had to be exercised.

In this bill the national harbours board is going much farther in taking the widest possible power to sue the agent, whether or not it has seized the ship. If this bill goes through in its present form, the national harbours board will be able to let the ship go out of harbour, then turn around and sue the agent for any damage that has been done. The subsection in question is subsection 7 of the new section 16. It reads in this way:

> Whether or not all or any of the rights of the board under this section are exercised by the board, the board may, in any case described in subsection (1), proceed against the owner of the vessel—

I point out that covers the agent because the owner is defined as including the agent.

> —in any court of competent jurisdiction for the amount owing to the board (or for the balance thereof in the event of any sale contemplated by subsection (3)) and may also exercise against the owner—

Which again includes the agent.

—of the vessel any other right or remedy available to the board at law

That is a far wider power than the board has at the present time, and we believe that the word "agent" should be deleted from the definition of "owner" in respect of a vessel, so that the only people who would be subject to this wide power would be those who are actually responsible for the operation of the vessel.

It was suggested in committee either by the parliamentary assistant or by someone speaking on behalf of the board that agents could insure against this damage. I am informed that there is no possible way in which an agent can take out insurance against a claim of that kind. A vessel is insured for this damage and, in the marine business, that is considered sufficient to meet the situation.

Then it was suggested that the agent could make the owners of the ship put up a bond to protect the agent against any such claim. Well, that would mean that the agent would have to ask the ship owner to put up a bond of, let us say, a hundred thousand or perhaps half a million dollars.

What would be the answer of the ship owner to a request of that kind? He would say, "Well, I do not have to do this in the United States; I can send my ship to Seattle and not be bothered with providing a bond to protect the agent from damage, for which he never should be sued." The result inevitably would be that our national ports would lose business. In the case of Vancouver, the shipping agent could say to the ship owner, "In Vancouver I am liable for this damage. From now on we will use the port of New Westminster, because there is no such restriction there, and no liability set out as broad as is mentioned in the bill. We will just do our shipping business through the port of New Westminster."

Mr. Chairman, that would be completely and utterly unfair. There is no reason why agents doing business in national ports of Canada should be put in that position. Mind you, there are many shipping agents in these ports. They are reputable people who are doing business in a way recognized by the trade, and as it has been done over a countless number of years. Why should the national harbours board now ask for this further power which can have only the one effect, that of making it more onerous to do business in the national ports?

For these reasons, Mr. Chairman, I move:

That clause 1 of Bill 421 be amended by deleting the word "agent" as it appears in the first line of paragraph (ea).

[Mr. Green.]

In opening my remarks I said that there were four different points about which we were concerned. Three of these have to do with later sections, so I shall merely outline our objections at this time. There is a provision in the bill to give the national harbours board power to set up police forces in the different national ports. Under the bill as presented those police constables were given power to operate not only on property of the national harbours board but for 50 miles in any direction from that property. Members of the committee on railways, canals and telegraph lines realized that was ridiculous, and cut down the distance to 25 miles. For all practical purposes, I say that even 25 miles in every direction from harbours board property is just as ridiculous as 50 miles. I believe it should be cut down to, let us say, perhaps one mile.

Then there is a provision in the new section 16 (1) (d) which gives the board power to seize a vessel where it believes there has been a breach of board bylaws. This is a form of thought policing by the board; it can act if it thinks there has been a breach of the bylaws. Mind you, it does not have to prove a breach; if it thinks there has been that breach it may seize the vessel. The maximum penalty is $500. The board has this power to seize and to hold a vessel which, as I said before, means delay and expense, and perhaps the loss of thousands of dollars for each day the vessel is held.

Then, we object to a provision which refers to goods. The board now asks a general lien on all the goods of an owner, no matter when they may come over a dock, for charges which have not been paid on goods sent over the dock earlier. For example, a man may bring in goods today, and there may be, in respect of those goods, a charge which is not paid. Mind you, the board now has the power to hold the goods. We will suppose it lets the goods go; and then perhaps a year from now the same owner brings in other goods on that dock. Under this bill it asks the right to seize those goods, in priority to any other claim. Someone may have money owing on the goods, or there may be some other claim against them; but under the arbitrary power given by this measure the board will be able to seize the goods for charges which may have been incurred months before.

I shall deal in greater detail with the other objections when we reach the later sections in the bill. Meantime I am asking consideration for the amendment I have moved in which I have asked that the word "agent" be deleted.

May I point out to the minister who, I am glad to see, is now in his seat, that this bill

is not one involving party considerations at all. But it is of vital importance to those ports which operate under the national harbours board. I would hope he would accept my amendment in that spirit. We do not want unnecessary restrictions placed upon the business being done through our ports, and we believe that this liability against the agent should be deleted from the bill.

Mr. Winch: As a member from the city of Vancouver I am keenly interested in the bill before the committee. Most certainly before voting on its various sections I want to be completely certain in my own mind as to the implications involved.

I followed closely the explanations given in the committee meetings, where this bill was considered, and I am not either happy or satisfied that the explanations given by the parliamentary assistant and representatives of the harbours board were adequate. As I say, I was unhappy with the explanations that were given in the committee, and in the intervening time have given a great deal of thought to this bill, and in particular to clause 1, with the result that I find myself in agreement with the hon. member who has just spoken as regards the new definition of an owner. I cannot see the reasons why the government finds it necessary to bring in such a far-reaching interpretation of the meaning of owner. I can very well understand the reasons why objections are being raised in the house, and why those who are interested in shipping are very much concerned.

In the committee it was explained to us that, as already pointed out, in the many years that there have been harbour boards in Canada no financial losses whatsoever have been sustained. It is obvious therefore that the term "agent" in clause 1 is introduced not because of anything that has happened in the entire history of the harbour board in Canada. That being so, what different situation in the future do the harbour boards anticipate that necessitates the introduction of the term "agent" in the act? As I understand the act as it will read if this passes, it is conceivable that an agent could be sued for a navigation difficulty in the operation of a vessel. I for the life of me cannot see why there should be the possibility of a financial penalty on an agent for an act in which he himself is not concerned. When we bring in that kind of principle into the law of Canada we are taking a mighty serious step, and every hon. member should give consideration to what he is doing.

I do not want to repeat too much of what has been said, but I do want to add my voice to the argument against what I think is a very unfair principle, namely, that there should be two kinds of rights and two powers in the operations of the harbours board of Canada. If the ports that come under the operation of the harbours board are going to have the type of regulations, type of interpretations, if this act passes, then it does seem to me to be distinctly unfair that other harbours do not have to live up to the same rules, regulations and interpretations and financial responsibility.

I am not going to take the position that if this goes through, as far as the harbours of Canada under the harbours board are concerned, it would automatically mean that all the other acts that govern the other harbours should be changed accordingly, because that would be an unfair position to take, since if it is wrong for the harbours under the harbours board to have this power and regulations and extension of authority, then it would be unfair for the others. Therefore I think that the only thing to do is to see that the power is not taken in this bill under its administration. It is going to place a number of the operators who ship out of the seven harbours under the harbours board under an unfair situation.

I have been trying to make some investigation as to what it would mean, and as near as I have been able to find out—and this confirms the investigation of the hon. member for Vancouver-Quadra—there is not any insurance company that would give out the type of insurance that an agent would think he would have to have for his own protection. It is because once an act is passed it is the letter of the law that counts, and the only way to find out exactly what it is going to mean is to have a case go to court and get the interpretation of the judge. Therefore, Mr. Chairman, the interpretation which the shipping firms and their legal advisers, who are maritime lawyers, are placing on it now is just as good as the interpretation that has been placed upon it by the government and by the parliamentary assistant, who takes the position that in law the things we fear would not be done. He has no basis in fact to state that, because he does not know. Therefore, because I do think it will place agents and shipping firms in an embarrassing position at least and also I think in perhaps an impossible situation or that it will give rise to very grave concern and doubts, it is not the type of legislation that should be passed.

In view of the experience of the harbours board, in view of the experience of the government in the past when they have not had this power, there has been no indication that they need this power, and the bill should

not go through at this time. I want to add my word in this way. I sincerely hope that all hon. members will realize that since Canada is a trading nation we have to be very careful in what we write into the statute books, and that the amendment moved by the hon. member for Vancouver-Quadra will be accepted by this house in the interest of Canada as a trading nation.

Mr. Chevrier: Perhaps I might be allowed to make a statement before this matter proceeds too far. First, let me say in answer to my hon. friend, who I understand took me to task because I was not here during the opening of this discussion of the bill, that the committee understands I am sure full well the value and importance of parliamentary assistants. I have full confidence in my parliamentary assistant. When parliamentary assistants are named it is clearly stated that they are appointed for the purpose of assuming certain duties and performing certain tasks as assigned to them by the minister, and I have assigned to my parliamentary assistant, because I have full confidence in his qualifications, the task of presenting this bill to the house. I understand from hon. members who were on the committee that he has done an excellent job, and I am pleased that colleagues from both sides of the house have so indicated to me.

Mr. Green: I do not think that anybody from this side indicated that.

Mr. Chevrier: I said "from both sides of the house". I do not know why it is necessary that the minister should be here for all of the bills that are discussed. However, be that as it may, I simply wanted to say that I have confidence in the competence and in the qualifications of the parliamentary assistant to deal with this just as adequately as I can.

Let me deal with the subject matter of this measure. I am sure there is a misapprehension about this bill. Surely this bill cannot be what hon. members say it is. I looked at it earlier; I discussed it with my officers, and I came to the conclusion that this was a simple bill, with perhaps one exception that I can deal with later.

There is nothing in this bill which is not already contained in the act, and anybody who rises in his place and says that the national harbours board by this amendment is taking tremendous powers, powers that it did not have before, is mistaken.

The hon. member who has just taken his seat seems to be of that opinion. Well, let me tell him at once that if he looks at clause 16 of the act he will see that at the end of it are to be found the very powers which are contained in the amending bill with reference to the owner. All this bill does is to clarify the powers which the national harbours board already has. All this bill does is to expand with one exception, as I said, the powers that the board has. It is really a bill to improve the phraseology, and all the Department of Justice was doing when they approved of this bill was to find ways of clarifying and redefining the section already contained in the act.

If my hon. friends will look at the National Harbours Board Act, the statutes of 1936, chapter 42, section 16, paragraph 2, they will find the latter part of it reads as follows:

> . . . the board shall have a preferential lien upon the vessel and upon the proceeds thereof until payment has been made or adequate security has been given for such damages, whether direct or indirect, and for the amount of all such injury, damages, expenses and costs as may be awarded in any suit resulting therefrom, and the owner, charterer, master or agent of such vessel shall also be liable to the board for all such injury, damages, expenses and costs.

Therefore, if this amendment is accepted, we are withdrawing from the board the powers which were conferred upon it under the act of 1936, and it seems to me that the house certainly does not want to take away from the board the powers which already exist.

The exception to which I referred is the one having to do with the peace officers, and in this case the board felt that because of the difficult jurisdictional problem, which the parliamentary assistant has explained in committee and will explain here also, and which difficult jurisdictional problem exists in Montreal and to a large extent in Vancouver—

Mr. Green: Oh, no!

Mr. Chevrier: My hon. friend says "Oh, no". I think the parliamentary assistant and I must take advice, not from my hon. friend, but from our officers who state that there are jurisdictional difficulties in the city of Vancouver.

Mr. Green: Mr. Chairman, unfortunately the proceedings of the committee have not yet been printed, but I am sure the minister will not quarrel with the statement that either the representative of the harbours board or his parliamentary assistant told me in committee that there had not been any trouble in Vancouver.

Mr. Chevrier: Mr. Chairman, I was not there and, of course, I must accept the word of my hon. friend; but I am sure the parliamentary assistant would not have said that with reference to the city of Montreal because

I know there are at least five if not more different jurisdictions. Occasions have arisen in the past when charges were laid and warrants had to be backed in at least four different jurisdictions. Then, on one occasion, because the person who was being apprehended ran one-half of the distance between the north and south shores of the river St. Lawrence on the Jacques Cartier bridge, he was outside the jurisdiction, and could not be apprehended.

I am quite sure a situation like that should not obtain and I am quite sure the house would not want it to obtain, particularly when it would put the national harbours board to all sorts of expense.

I did not rise to impede the passing of this bill. I rose to try to help it through, and I am convinced in my own mind that the bill, as I understand it, and with but one exception, simply clarifies and redefines the powers which already exist in regard to the national harbours board. I repeat that, because of other business, I will have to leave the house within a short time, but I have full confidence in the handling of this legislation by my parliamentary assistant.

Mr. Nicholson: Mr. Chairman, the members of the committee which reviewed this case spent a good deal of time on it and despite what the Minister of Transport has said there were changes made in the bill.

I believe this bill has been poorly drafted. I think there are three important functions which are being affected, namely, the functions of the charterer, the owner, and the agents. I drew from my very limited experience in the shipping field by referring to a trip I made last year on a ship owned by the Stag Steamship Company of Newcastle. She was chartered by the Rank Milling Company of London and the agent in Churchill was the Montreal Shipping Company.

As this bill came before us any one of those three could be held responsible for offences of any one of the others and I think it is unfortunate that a bill should come before parliament under which the charterer, in this case the Rank Milling Company, could be held responsible for damage done to the harbours board facilities at Churchill, and for a mistake made by the captain or officers of that particular ship.

The committee was good enough to make a change which would relieve the Rank Milling Company, the charterer in this particular case, of any responsibility for damage done by the ship.

The evidence given before the committee has just come to my hand, and when this matter was before us Mr. Finlay, counsel for the national harbours board, set forth a case as reported at page 180, to the effect that the Montreal Shipping Company, acting as the sole agent at law, would go down to the wharf at Montreal and, let us say, through its negligence there was a fire. In that case no act of the vessel was involved, but in spite of the fact that the vessel was not involved the vessel owners could be held liable because the Montreal Shipping Company was acting as the agent.

That is the opinion of our learned counsel. I think the Stag Steamship Company with offices in Newcastle, having engaged the Montreal Shipping Company to be its agent in Montreal, should not be held responsible for a fire caused by the Montreal Shipping Company before the *Begonia* reached Montreal. While the Montreal Shipping Company is acting for the Stag Steamship Company I think the Stag Steamship Company should not be held responsible for negligence on the part of the Montreal Shipping Company, and vice versa.

We made some progress in the committee. I have not before me the bill as revised, but I think it was agreeable that section 16, paragraph 1 (d), should be amended so that this point could be cleared up. As I said, I think there was poor draftsmanship in this particular bill. I do not think we wish to draft legislation that holds one company responsible for offenders caused by another.

I realize that the national harbours board has a large investment in the harbour facilities across the country and I think those who damage those facilities should be held responsible. I think the harbours board should collect from those who are responsible, and I do not think the agent should be held responsible for damage caused by the vessel. I believe that the term "owner" as originally drafted in the bill to include "the agent, charterer or master of the vessel" should be altered.

I am concerned about what the passing of this bill will do to Churchill because the shipping out of that harbour is of vital importance to that part of Canada in which I live. The agent for most of the ships there has been the Montreal Shipping Company and I expect that the Montreal Shipping Company will continue to do a large volume of business in Montreal; but I am afraid that if this legislation goes through their risks in connection with the handling of ships at Churchill will be so great in comparison with the revenue they receive that they will decide not to operate there. The proposal that is made by the hon. member for Vancouver-Quadra to strike out the word "agent" in

this section is, I think, a reasonable one. I think it is unfortunate that section 16 was worded in such a way as to say as follows:

> The board may, as provided in section 18, seize any vessel within the territorial waters of Canada in any case where, in the opinion of the board, . . .
>
> (d) the owner of the vessel has committed an offence under this act or the by-laws, punishable upon summary conviction by a penalty payable under section 21 to the board; . . .

As is pointed out, there has been a change in that wording but I think it is unfortunate that acts come before parliament where it is assumed that the owner of the boat—in this case the Stag Steamship Company—should be held responsible for a fire started by gasoline drums that were placed there improperly and that the board should have the power to seize the boat belonging to the Stag Steamship Company for acts for which the owners of this particular boat were in no way responsible.

The Chairman: Is the committee ready for the question?

Mr. Diefenbaker: Mr. Chairman, I presume that under this section a general discussion can take place. I rise to voice the strongest possible objection to section 4A whereby the board shall have—

> . . . the power to appoint police constables for the enforcement of this act and the by-laws and for the enforcement of the laws of Canada or any province in so far as the enforcement of such laws relates to the protection of property under the administration of the board or to the protection of persons present upon, or property situated upon, premises under the administration of the board, and for that purpose every such police constable is deemed to be a peace officer within the meaning of the Criminal Code and to possess jurisdiction as such upon property under the administration of the board and in any place not more than 50 miles distant from property under the administration of the board.

To me that is an example of bureaucracy gone mad. That goes further than any other legislation in this country. There has never been a statute that permitted a board to set up its own police force. The sidenote reads:

> The purpose of the new section is to eliminate the current necessity for swearing in harbour police as special constables of some municipal or provincial police force or of the R.C.M.P. The status created would be analogous to that established by the Railway Act as regards railway constables.

Railway constables are not appointed by any board. Section 456 of the Railway Act provides that railway constables are appointed by:

> A superior or county court judge, two justices of the peace, or a stipendiary or police magistrate, in any part of Canada, a clerk of the peace, clerk of the crown or judge of the sessions of the peace in the province of Quebec . . .

Section 4A strikes me as being a most unusual, unnecessary and unjustifiable extension of the power of appointment of police officers. What parliament is being asked to do is to give the national harbours board power to establish for itself an independent police force with jurisdiction up to 25 miles from a harbour. That provision makes individuals—whether they are involved or not subject to investigation if living within 25 miles of a harbour. That provision is a far cry from the age-old principle that police officers shall not be appointed by any administrative board; otherwise the liberty of the subject may be invaded by the whims and despotism of the board acting through its own appointees.

The explanation given in the sidenote to the effect that it creates a status analogous to that established by the Railway Act is true; but it is not true if there is any suggestion that the Railway Act allows the board to appoint those who will enforce the law. This provision amounts to a new step forward: an administrative board to enforce its own administration, it sets up its own police. Our concept of freedom denies that those who administer the law shall enforce the law. This section may be a short-cut but, if it is carried into effect, it seems to me that the rights of the citizen will be lost in a jungle of divergent jurisdictions. The minister said: After all, what is a matter of 24 miles? As I understand it, under the Railway Act the jurisdiction is half a mile.

Mr. Langlois (Gaspe): One-quarter of a mile from the property.

Mr. Diefenbaker: One-quarter of a mile. This act extends the jurisdiction farther than that which can be justified. The 25 miles provision is beyond reason in any circumstances. It has always been true that when bureaucrats endeavour to make short-cuts in order to achieve what they believe to be beneficent ends, the individual's rights of freedom are always endangered. My objections are twofold. The first is that the appointment of constables should not be in the hands of a national harbours board, an administrative institution. In the second place, there is no reason whatever why jurisdiction should be extended beyond the quarter of a mile. That provision one can understand. The enforcement of the law by police officers would be defeated unless there was some opportunity to go out beyond the immediate area or confines of the area of their jurisdiction. The Railway Act indicates that the railway officials have found that a quarter of a mile to invade the jurisdiction of other authorities is sufficient leeway. I think that consideration should be given to

this matter. We do not want to start to establish in parliament the right of any board to set up its own police force. If a police force is to be set up, let it be set up in the same way as is done under the Railway Act where a superior court judge or a county court judge makes the appointments.

Mr. Bell: Mr. Chairman, I have already stated my objections to this act both on second reading and in committee. I think the hon. member for Vancouver-Quadra has explained the legal and technical difficulties that are still evident in the act. I think that we should review this bit of legislation and see what has happened to it. This bill originally came from the other place. They considered it on second reading and there was considerable discussion on it there. I remember the headlines of the newspapers at the time were to the effect that the national harbours board bill had created a flurry in the Senate. The senators expressed their worries and fears about the powers contained in the bill and then referred it to a committee of the other place. We do not have a report of the proceedings of that committee, but I believe that five or six amendments were made there. In this house the bill has been discussed on second reading and dealt with in the standing committee where, after considerable discussion, three or four amendments were made. Therefore I think we should appreciate that we now have before us a bill that has had ten amendments made to it since it was originally drafted. In that respect there is a reflection on either the Department of Justice or the Department of Transport so far as this legislation is concerned.

When the government members were thumping their desks a few minutes ago, with smiles on their faces, with respect to the words used by the Minister of Transport, I could not help but think that the attitude of the government members in the committee had surprised me. I was amazed at the lack of interest in the bill on the part of some of them.

Mr. Byrne: Oh, nonsense!

Mr. Bell: It is true it is a very technical measure. I appreciate that a highly trained lawyer has difficulty in understanding it. Nevertheless, during the two afternoons that the bill was considered in the committee I was surprised, as a new member, at this business of sitting back, not making too much attempt to understand the bill and yelling "carried, carried". A representative of the shipping federation of Montreal appeared before the committee and endeavoured to explain the bill. I am not saying he was completely right in everything he said but he did point out some weaknesses in the legislation that were not uncovered in the debate on second reading. I must admit that I overlooked one or two of the points he made which I now think are quite valid. Yet he was not treated with too much courtesy, and I feel that the government did not hold its end up in the consideration of this bill in the committee. At the same time the harbours board officials were, as far as I was concerned, quite ready to listen to any suggested changes. They made their explanations although, as I have said, I did not agree with all of them.

I have two objections to the bill as it now stands, to which I should like to refer again. The first objection was very carefully explained by the hon. member for Prince Albert. It is interesting that, although he perhaps has not had the time to examine the bill carefully, right off the bat he picked out this very dangerous section which gives the police officers so much power and jurisdiction. It is an example of the growing tendency toward a police state of which we are seeing so much. I still object to the extensive jurisdiction. It has been reduced to 25 miles, but the principle of having jurisdiction over that area of a waterfront is very dangerous. I object to the power of appointment of police officers because we do not know where it will stop. It may not be abused but the powers will be there.

My second objection was dealt with very well by the hon. member for Vancouver-Quadra, and it concerns the interpretation given to the meaning of the word "owner" under the bill. In the old act the word "owner" was used very loosely throughout the legislation. It was probably given the common law interpretation that has extended right up to the present time, and it was admitted that there were not too many difficulties. Yet the draftsmen of the bill have come along, put the word "owner" in the interpretation section and have given it this particular meaning which includes agents. I maintain that if it were necessary to include "agent" under the definition of "owner" it should have been spelled out in each section. In that way we would be able to understand the meaning of it. It would not be so difficult for us.

As the matter now stands we have this board definition of "owner" in the interpretation section which will apply in each place where that word is used in the old act. For that reason I support the amendment now presented. Otherwise, I think we will find ourselves in considerable trouble. On the east coast, and speaking particularly of Saint John, because the Halifax members do not

seem to be worried about the shipping business even though last year was a poor one, it is my opinion that we are definitely up against it. While I appreciate that some of the amendments and new provisions in the act will be good for efficient administration, I for one would just as soon see the act left alone if there is even a slight danger that the little shipping we have left on the east coast will be endangered in any way.

Mr. McIvor: I think hon. members on this side of the house who were members of the committee can only do one thing, forgive the hon. member who has just spoken for his slam. I was a member of the committee. I was interested and I give every other hon. member credit for being interested. I voted for the bill because I was convinced that it was right.

Mr. Green: You are easily convinced.

Mr. McIvor: I do not think that the suggestion of the hon. member from away up yonder—

An hon. Member: The hon. member for Prince Albert.

Mr. McIvor: —with respect to a quarter of a mile has any sense to it. What is a quarter of a mile when you want to catch somebody? When they get outside the 25-mile limit they are gone. On the question of agent, let us suppose that a ship comes from a country where the harbours board has no jurisdiction and cannot sue the owner. I think it is their duty to take care of the agent, and I am going to support the bill.

Mr. Byrne: Mr. Chairman, I was a member of the committee that considered the bill and a week ago last Wednesday I had the honour to preside as chairman. Certainly the government members showed a distinct interest in the various sections of the measure. One can understand that possibly they did not take as long as some of the opposition members to understand the explanations made by the officials of the department and the harbours board, but that is no fault of the government members. I think it is simply fallacious for the hon. member to say that the government members showed no interest. I have never heard such nonsense since I have been in the house.

Mr. Gour (Russell): Cheap politics.

Mr. Byrne: Liberal members have confidence in the officials and in the Minister of Transport. They know that he would not introduce a bill that would be as restrictive to shipping as was indicated by the hon. member for Saint John-Albert and the hon. member for Vancouver-Quadra. In my opinion that is simply going too far. As I said, I was a member of the committee and I heard the questions asked. In particular the late Mr. Conacher asked a considerable number of questions and so did others. I think it is going a little too far to say that these members had no interest in the bill because they did not object and vote against it. In my opinion the hon. member for Saint John-Albert is being presumptuous.

Mr. Hahn: The hon. member for Kootenay East, who just spoke, mentioned that it did not take them too long to understand what was taking place. We can all appreciate that there are those who have the opposite point of view, in some instances. For various reasons we cannot see completely eye to eye with all that the government proposes, or feel that every bill that is introduced is good. We do not necessarily accept it as being good. We like to investigate it a little more closely.

In so far as agents are concerned I, for one, would like a clearer definition. As I understand it, in the shipping world there are three different types of agents. We have the berthing agent, the husbanding agent and the general agent. My reason for raising the question is that I happen to be a representative of a district having a seaport, the city of New Westminster. Some will say that port is not covered by this particular act; but on page 222 of the evidence of the committee I find a question asked by the hon. member for Vancouver-Quadra. It reads as follows:

> Mr. Green: Under this amendment they would get wide open jurisdiction as peace officers within 50 miles of harbour property, in every direction. Is that right?
>
> Mr. Langlois (Gaspe): That is right.

I understand this provision has been amended to 25 miles, but even that puts New Westminster within the area. Naturally, I am interested enough in wanting this shipping from the Vancouver area, if it is possible to get it, and to see that the 25-mile limit is cut down to 10 or 5 miles so that New Westminster harbour will not come within their jurisdiction.

It is necessary, I believe, for every one of us to check some of these things a little more closely. It is only natural for the members who are on the government side to support their minister. If the Conservatives formed the government and the hon. member for Vancouver-Quadra were in the minister's position, he would expect support from his members. I can, therefore, excuse the

Liberals for going out of their way to do so in a wholehearted manner today. Unfortunately, I was not able to be present at every meeting of the committee this time, but in checking the evidence I did not notice that any one of the amendments adopted had been proposed in the first instance by any member of the committee.

I should like a clarification of this particular question, as to whether or not New Westminster harbour comes within the 25 mile limit established as the jurisdiction of the board under the act.

Mr. Langlois (Gaspe): There is very little that I can add, Mr. Chairman, to what has already been said by the minister this morning in outlining the reasons the proposed amendment should be supported. As I have said on many occasions in the committee, the explanatory notes to this bill clearly set out the reason for the new definition of owner. I shall quote again from those explanatory notes:

The prime purpose is to enable the board charges made under other provisions of the act to be imposed directly upon carriers and bailees of goods as contrasted with the actual owners thereof; in many instances the carriers or the bailees are the only persons with whom the board has any direct dealings.

A secondary purpose is also given in the explanatory notes. This secondary purpose is to eliminate the necessity for use elsewhere in the act of cumbersome phrases such as "agents, owners, masters or consignees, etc." of goods or vessels.

This morning the minister quoted the wording of the present section 16 of the act. To this I want to add, as I have already said on a number of occasions in the committee, that the wording that was quoted by the minister is exactly the same as we have had in our harbours statutes since 1913. I shall read a quotation that I gave in the committee from the Vancouver Harbour Commissioners Act, chapter 54, statutes of 1913, section 29 (2):

In a case coming within paragraph (c) or (d) of subsection 1 of this section—

Such paragraphs correspond exactly to paragraphs (c) and (d) of the existing section 16 (1) of the National Harbours Board Act.

—the vessel may be seized and detained until the injury so done has been repaired by the master or crew or by other persons interested, and until all damages thereby directly or indirectly caused to the corporation, (including the expense of following, searching for, discovering and seizing such vessel) have been paid to the corporation; and for the amount of all such injury, damages, expenses and costs, the corporation shall have a preferential lien upon the vessel and upon the proceeds thereof until security has been given to pay the amount of such damages, whether direct or indirect, and of such injury and costs as may be awarded in any suit resulting therefrom,—

And this is the important part of the section.

—and the owner, charterer, master or agent of such vessel shall also be liable to the corporation for all such injury and damages.

This language was repeated exactly in the National Harbours Board Act of 1936, and this wording still exists in the act now. The provision that I have just quoted from the Vancouver Harbour Commissioners Act of 1913, was repeated in the Saint John Harbour Commissioners Act, chapter 70 of the statutes of 1919, section 22 (2). The same wording was repeated in 1926 in the Chicoutimi Harbour Commissioners Act, chapter 6, section 17 (2), and again in the Halifax Harbour Commissioners Act, 1927, chapter 58, section 22 (2). I believe this makes it clear we are not seeking any additional powers by the introduction of this definition of owner in clause 1 of the bill.

I want to make a few remarks with regard—

An hon. Member: One o'clock.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

Mr. Langlois (Gaspe): Mr. Chairman, when we rose at one o'clock I was explaining that no new power is being sought by the definition of "owner" in clause 1 of the bill. Let me say, speaking to the amendment of the hon. member for Vancouver-Quadra, that if we take the word "agent" from the proposed definition of "owner", we will in fact be taking something away from the board. Because, as I said before, this power permitting the board to hold the agent responsible for the damages caused by the owner of the vessel existed since 1913 in our harbours legislation. I referred to some of the harbour commission acts passed since 1913, and pointed out that the same wording was repeated in 1936, when the National Harbours Board Act was passed by the House of Commons.

I would remind the hon. member for Vancouver-Quadra that when that act was passed in 1936 he was a member of the house; yet I have seen nothing in *Hansard* indicating that either he or any member of his party then opposed the present wording as it appears in section 16 of the act. I might add that the wording of that section

was drafted before 1936, by a government which was of the same political faith as that of the hon. member.

If he refers to what was said in 1936 by the then leader of the opposition, he will find that the leader of the opposition of that day approved without any restriction whatsoever the proposed legislation creating the national harbours board as we know it today.

I do not see how any hon. member can argue that we want to make responsible for any action of the owner such agents as contractors and suppliers of fuel, or goods or any other kind of supplies that enter into the operation of a ship. It has been clearly demonstrated before the committee that the word "agent" means the legal agent of the ship, and not a contractor, a supplier of fuel or a supplier of food for that ship. I would remind the hon. member that the word "agent" is used in section 16 of the act, and has the same meaning in the proposed legislation as it has in that section.

May I refer also to the argument advanced this morning, that if this power is retained the port of Vancouver, and some other ports in Canada, might lose business. I would again point out that this power has been in existence since 1913, and was re-enacted in 1936 when the National Harbours Board Act was passed. It has not been shown that there has been any loss of business because of this section. If my hon. friend is afraid of competition from United States western ports such as Seattle and San Francisco I would remind him of the charges in respect of ships operating to and from those ports. An examination of those charges shows that, for a ship of 7,000 gross tons, the handling cost per ton of cargo at Vancouver is approximately $7.50 whereas at Seattle it is $10.24 and at San Francisco it is $9.36. So that this shows the hon. member need not fear competition from other west coast United States ports.

I should like now to deal briefly with what was said by the hon. member for Prince Albert and the hon. member for New Westminster regarding national harbours board constables who, from now on, if this legislation is passed, will become peace officers. As I explained in the debate on second reading, we wish to give to national harbours board constables a status equivalent to and comparable with that given railway constables under the Railway Act. And here I do not agree with the hon. member for Prince Albert when he says that railway constables are appointed by magistrates. They are not in fact appointed by magistrates; they are merely sworn in by magistrates. I think the hon. member used the expression "appointed" by magistrates.

Mr. Diefenbaker: I would refer the parliamentary assistant to section 456 of the Railway Act.

Mr. Langlois (Gaspe): That deals with the swearing in of constables.

Mr. Diefenbaker: May I suggest that the parliamentary assistant is not correct in his view of section 456 which reads:

(1) A superior or county court judge, two justices of the peace, or a stipendiary or police magistrate, in any part of Canada, a clerk of the peace, clerk of the crown or judge of the sessions of the peace in the province of Quebec, within whose jurisdiction the railway runs, may, on the application of the company or any clerk or agent of the company, appoint any persons who are British subjects to act as constables on and along such railway.

I just mentioned that because I thought the parliamentary assistant had not read the section.

Mr. Langlois (Gaspe): My hon. friend must know that the actual appointment is made by the railway company. This morning in his remarks he mentioned that the Railway Act gave power to the board of transport commissioners to appoint constables, but that power is not given to the board; it is given to the railway companies.

I wish to remind the committee that we had a similar provision in the act respecting the harbour and river police of the province of Quebec. Section 3 of that act, which was repealed in 1936, reads:

The governor in council may, from time to time, establish, at the ports of Montreal and Quebec respectively, a harbour and river police force, and appoint one or more superintendents of such force, with jurisdiction over such part or parts of the province of Quebec as are defined by the governor in council.

Mr. Diefenbaker: Who makes the appointment?

Mr. Langlois (Gaspe): The governor in council.

Mr. Diefenbaker: In the present bill it is not to be made by the governor in council; it is by the board.

Mr. Langlois (Gaspe): In answer to the last point made by the hon. member for Prince Albert I quote section 4 of the same act respecting the harbour and river police of the province of Quebec, which reads:

The minister may, from time to time, appoint harbour and river police constables under and within the jurisdiction of such superintendents of harbour and river police.

Subsection 2 of the same section reads:

Such constables shall be subject to all lawful directions of the superintendents, and shall have and be charged with all the powers, rights and responsibilities of police constables.

The hon. member for Prince Albert this morning objected to the jurisdiction being given to these harbour board constables. I wish to remind him that under present circumstances our constables are sworn in either as provincial constables or as municipal constables, and they have, as either provincial police constables or municipal police constables, wider powers than those they are to be given in the proposed legislation. In saying that and meeting the point made this morning by the hon. member for New Westminster, I pointed out that under this proposed legislation our constables will be allowed to act only if the offence or the act is related to the national harbours board's property, and it ends there. You can readily see, Mr. Chairman, that their powers under the new bill will be much more restricted than the powers that they now have when they are sworn in as provincial police constables or as municipal police constables.

As far as the territorial jurisdiction is concerned, the hon. member for Vancouver-Quadra will recall, I am sure, that in the committee I mentioned on many occasions I had an open mind on the subject. I said however I wanted to warn the committee that on the one hand we were giving powers to those constables. I warned the committee to be careful not to take away by limiting their jurisdiction what we were giving them by making them peace officers. Here again I wish to remind hon. members of this committee that the offence must be committed in connection with some of the national harbours board's property. I wish also to make a correction of a statement which was attributed to me this morning by the hon. member for Vancouver-Quadra when he said that, before the committee, I had stated that we had had no trouble with the municipal authorities in Vancouver. Surely, I said that. I said it in answer to a question after I had stated that there was some reluctance on the part of some municipal authorities to the swearing in of harbour constables as constables of their municipalities. The hon. member for Vancouver-Quadra then asked me: "Have you had that trouble in Vancouver?" and I said: "No." But I said nothing which could be interpreted as meaning that there was no inconvenience in being required to have our constables sworn in as municipal police, either in Vancouver or anywhere else. I recall definitely repeating what I said in the house on second reading when I pointed out the difficulties, for example, in Montreal, and I said that in Montreal the national harbours board's property extended over a distance of some 25 miles and covered four different municipalities. I also recall having given the example of the harbour at Vancouver and having said that the board's property extended over three municipal districts, namely, that of Burnaby, that of Vancouver city and that of North Vancouver. I think those examples in themselves are sufficient to indicate to the committee that there are some inconveniences there, and they should be sufficient reason for supporting what is contemplated by the proposed bill, that is to make our constables peace officers who will no longer be required to be sworn in in those various municipalities.

Mr. Diefenbaker: The parliamentary assistant has, I submit, not answered the objection that I raised to this unusual section, namely, section 4A, which would give an administrative board the power to appoint police officers.

The Chairman: Order. I will not stop the hon. member for Prince Albert. I was just wondering, if he intends to devote himself particularly to clause 3, whether we might not make better progress if we deferred the discussion until that clause is reached. I have already allowed a certain amount of discussion on that subject, and I would not stop him, and whatever would suit the convenience of the committee would be satisfactory to me.

Mr. Diefenbaker: I believe the House of Commons today establishes a record for the longest session that has ever taken place, and I would be the last to add to that record; but the agreement was that there should be a general discussion at the beginning, which after all will clarify the issues. I do ask you, sir, to give consideration to a reply to the matters raised by the parliamentary assistant. He said that—

Mr. Winch: Would the hon. member address the microphones; we all want to hear him.

Mr. Diefenbaker: He said that there were two examples. One was of appointment by the governor general, and that, of course, is not applicable at all to the objection I raised that the administrative boards should not have the power to appoint enforcement officers. The second example was that the minister, under an act now repealed, did have the power to appoint temporary constables.

Mr. Langlois (Gaspe): I beg the hon. member's pardon, but they are not temporary constables.

Mr. Diefenbaker: The minister had the power to appoint special constables. Neither of those examples answers the contention I advanced this morning that this is the first time in the history of the Canadian parliament that parliament has been asked to give power to an administrative board to appoint enforcement officers. This is a step that I view with fear and alarm. The administrative officials on a board should not have the power to appoint enforcement officers, and the reason my hon. friend has been able to give no example of this having been done before is this: it would mean the opening of the door to political considerations in the enforcement of the law. That is the danger.

If a board has the power to appoint police officers it has the power to dismiss them, and police officers should have the assurance that whatever they may do, even though it may not be politically appropriate, is done without fear of dismissal. That is why police officers throughout the years have been kept free from the control of any administrative board.

My hon. friend, referring to the Railway Act, said that all that the judges and other named officials had was the power to swear in the police officers. That is not correct. I do not want to reread the section, but section 456 says in part:

A superior or county court judge,—

And other officials named herein.

—may, on the application of the company or any clerk or agent of the company, appoint any persons who are British subjects to act as constables on and along such railway.

Then subsection 2 states:

Every person so appointed shall take an oath or make a solemn declaration, which may be administered by any judge or other official, authorized to make the appointment or to administer oaths—

And then follows the oath. Then section 457 says:

(1) Every constable so appointed, who has taken such oath or made such declaration, may act as a constable for the preservation of the peace, and for the security of persons and property against unlawful acts.

(a) on such railway, and on any of the works belonging thereto;

And also:

(c) in all places not more than a quarter of a mile distant from such railway.

Then it goes on to say, under section 459:

(1) A superior or county court judge or a stipendiary or police magistrate, in any part of Canada, or a judge of the sessions of the peace in the province of Quebec, may dismiss any such constable who is acting within his jurisdiction.

(2) The company, or any clerk or agent of the company, may also dismiss any such constable who is acting on such railway.

(3) Upon every such dismissal, all powers protection and privileges, which belonged to any such person by reason of such appointment, wholly cease.

I have not heard any explanation from the parliamentary assistant as to why parliament should advance the extra step and empower a board to appoint its own police officers. It has not been done before. A short-cut may appear advantageous temporarily; it may afford the board the opportunity to appoint a few individuals who otherwise would not be appointed; but in the interest of the preservation of the rights of the individual, and the maintenance of the inviolability of the police officers appointed, it is a dangerous course to follow.

Why not follow the procedure set out in the Railway Act? It is not a difficult one. All that has to be done is for the representative of the board to go before a superior or county court judge in, we will say, for example, Vancouver and ask for the appointment of constables. That will ensure that there will be no suggestion that the board in choosing its enforcement officers would make that person answerable for his failure to carry out the orders of the board, that we may preserve the security and, I might almost say, the sacred function of police officers. Otherwise the independence that we expect in police officers will be, either intentionally or unintentionally, subject to the control of the board appointing them. If the appointment is made by the governor general in council, or by judges or lesser judicial officers, well and good. Why depart from what is regarded as one of the most sacred principles we have in our jurisprudence, namely, that a police officer shall not be under the control of the body whose work he enforces. In that way we will be assured that not only must justice be done but that what is being done will appear to be just?

It is just as important that, in what is done, right and justice shall prevail, as it is that one shall have reason to point to the possibility or likelihood of any bias interfering with the performance of the duties resting on police officers.

To empower a board to appoint its police officers is a tremendous power, and no explanation has been given as to why there should be such a pronounced departure from the course that for the past 250 years, under British jurisprudence and in Canada since the foundation of our country, has been accepted as the proper one.

The section in its present form opens the door to a condition under which police officers, in carrying out their duties and responsibilities, could be dependent on the whim of the board which appointed them. The right to appoint implies the right to dismiss. All of us have heard of influences which have been brought to bear on police officers. It is to their honour that they have kept themselves above such influences.

Why then should police officers, charged with so important a duty as the maintenance of justice and law in our harbours, find themselves in a position where those that appoint them have the right to dismiss them? I submit with utmost seriousness that we should continue the system introduced under the Railway Act, which has not been proven to be slow in operation. It has proven to be effective. Peace officers should continue to be appointed by the public authority charged with the administration of justice rather than by administrative boards.

Mr. Chevrier: Mr. Chairman, this morning, when I made some comments in connection with the statement made by the hon. member for Vancouver-Quadra, I indicated that I did not think there was any vital change with respect to this act, save in one respect, namely the matter which my hon. friend has raised. I should like to consider the statement he has made with respect to clause 3 and to consider particularly the citation in respect of the Railway Act. I wonder whether it would not meet with the wishes of the committee if we could proceed subject to clause 3 standing. If we could proceed with the discussion of the bill and if we are successful in passing all clauses save that one, perhaps from now until then it will be possible to give some consideration to that clause; and if not, then tomorrow I am sure we shall have something to report which might meet the wishes of the committee. I am sure it is not the intention of the national harbours board or of the government to take powers which are unusual, if the committee feels that they are. With that understanding—

Mr. Green: Might I point out to the minister that there is also a serious objection to clause 3 in that the jurisdiction is given over an area of 25 miles in every direction from the borders of the harbours board property. We have a most decided objection to that clause.

Mr. Chevrier: May I say this. I think the whole clause should stand. We will look at the whole clause and not at only a portion of it—

Mr. Green: We would want to be sure that the minister is also considering that feature of clause 3.

Mr. Chevrier: The answer is yes.

The Chairman: Is that procedure agreeable to the committee?

Some hon. Members: Agreed.

The Chairman: Is the committee ready for the question on clause 1?

Mr. Green: Mr. Chairman, this morning I moved that the definition of "owner" should be amended to strike out "agent". We do not believe that the vessel's agent should be subjected to the same restrictions and penalties as is the vessel's owner. We are not the only ones to take that stand. Before the standing committee on railways, canals and telegraph lines counsel for the Shipping Federation of Canada and for the Vancouver chamber of shipping protested strongly against the provision of this bill which makes the agent stand in the shoes of the owner in so far as liability is concerned. Since the committee finished its sittings I have had a wire from the Vancouver chamber of shipping in which they state as follows:

> Vancouver Chamber of Shipping vigorously protests the wording of section two one EA particularly in regard to the inclusion of agent in the definition of owner as defined here and elsewhere.

If this bill is carried in its present form throughout the new sections and throughout what remains of the former bill the word "owner" will include "agent". There is no justification whatever in law or in equity for an agent of these vessels to be liable for damage done to harbours board property by the vessel. The agent has nothing whatever to do with the operation of the vessel. Yet this bill will make it possible for the government to collect the whole of such damage from the agent and to let the ship and the ship owner go free.

Both the minister and the parliamentary assistant have tried to answer my submission with the statement that the bill does not make any change whatever in the law. I propose just to review what the law has been, what it is at the present time, and what it will be if this new bill becomes law. In the first place, let us go to the powers given to harbour commissions which do not come under the National Harbours Board Act. I am beginning to think that a harbour that does not come under the National Harbours Board Act is lucky. I have here the statute setting up the New Westminster harbour commission. It is chapter 158 of the statutes of 1913. I would point out that New Westminster is a port with which the port of

Vancouver is in direct competition. Here is the only power given to the New Westminster harbour commission. It is contained in section 24, which reads as follows:

The corporation may, in the following cases, seize and detain any vessel at any place within the limits of the province of British Columbia:—

(a) whenever any sum is due in respect of a vessel for rates or for commutation of rates, and is unpaid;

(b) whenever the master, owner or person in charge of the vessel has infringed any provision of this act, or any by-law in force under this act, and has thereby rendered himself liable to a penalty.

In other words, that statute gives to the New Westminster harbour commission power to seize and detain a vessel, but there is no power to make a claim against the agent for damage that is done.

Then we come to the National Harbours Board Act as it stands at the present time. The section I am going to quote was the same as that in the act which set up the Vancouver harbour commission. The section in the act is section 16, which reads in this way:

The board—

That is the national harbours board.

—may, in the manner hereinafter set forth, seize and detain any vessel within the limits of the territorial waters of Canada in the following cases:—

Mind you, Mr. Chairman, this power of seizing and detaining a vessel is just about the most drastic power that can be exercised under our law.

—(a) whenever any sum is due in respect of the vessel for rates or tolls or for commuted rates or tolls and is unpaid;

(b) whenever the master, owner or person in charge of the vessel has violated or has failed to observe any provision of this act, or any by-law in force under this act, and has rendered himself liable to any penalty;—

That is the second ground on which the harbours board can seize.

—(c) whenever any injury has been done by the vessel or by the fault or neglect of the crew, while acting as the crew or under order of their superior officers, to any works or property under the administration, management and control of the board; or

(d) whenever any obstruction whatever has been offered or made to the operations of the board by any vessel or by the fault or neglect of the crew, while acting as the crew or under order of their superior officers.

We have those four provisions under which a vessel can be seized or detained. Then subsection 2 goes on to provide as follows:

In a case coming within paragraphs (c) or (d) of subsection (1) . . .

That is, in only two of those four cases does subsection 2 apply, Then subsection 2 goes on to give a lien, to provide for selling and so on. Then at the end of that subsection we find the portion which both the minister and the parliamentary assistant quoted this morning:

. . . the board has a preferential lien upon the vessel and upon the proceeds thereof until payment has been made or adequate security has been given for such damages, whether direct or indirect, and for the amount of all such injury, damages, expenses and costs as may be awarded in any suit resulting therefrom,—

Then we find these words:

—and the owner, charterer, master or agent of such vessel is also liable to the board for all such injury, damages, expenses and costs.

That provision only applies in the event of seizure under two of the four provisions for seizure. Furthermore, it obviously means that the board must first seize the ship, and that of course was the argument made by counsel for the Shipping Federation of Canada. In actual practice that is what has been done. I understand there has never been a case in which a claim has been brought against an agent. Why would there be? The board has the right to seize the vessel. Not only does it have the right to seize the vessel, but if we turn to section 15 of the National Harbours Board Act we find a provision that the customs official cannot let the vessel go out of the harbour until she has received a clearance from the national harbours board. Subsection 3 of that section reads as follows:

No officer of customs shall grant a clearance to any vessel to leave,

(a) any harbour under the jurisdiction of the board until the master thereof produces to such officer of customs a certificate from an authorized officer of the board certifying that the rates or tolls on such vessel have been paid or that none are payable thereon or that in so far as the board is concerned a clearance may be granted—

In other words, no ship can leave the port of Vancouver until she produces to the customs officials a clearance from the national harbours board. Therefore it is impossible for a ship to get away if the national harbours board is not asleep. The subsection continues:

(b) any other harbour or port in Canada—

That means any harbour that is not one of the seven national harbours.

—if he has been notified by the board to withhold such clearance until further notified by the board that in so far as the board is concerned a clearance may be granted.

It is no wonder that the provision about suing the agent has been a dead letter and that no action has ever been taken under it. No action should be taken either because the agent is in no way responsible for the operation of the vessel. Then we come to the bill. The minister and his parliamentary assistant both say that the new bill does not give the

board any wider powers, that it will have the same powers as it has had all along. If we turn to clause 8 of the bill, which contains a complete new section 16 for the National Harbours Board Act, we find in subsection 7 the following overriding provision:

Whether or not all or any of the rights of the board under this section are exercised by the board, the board may, in any case described in subsection (1)—

I point out that there is an extension in itself. Subsection 1 contains six different provisions under which the board can seize a vessel, two of which are brand new and were not in the act before. But now the board is taking the power to claim against the agent in respect of the first two provisions, something they cannot do under the act as it stands at the present time. I continue:

—proceed against the owner of the vessel in any port of competent jurisdiction for the amount owing to the board, or for the balance thereof in the event of any sale contemplated by subsection (3), and may also exercise against the owner of the vessel any other right or remedy available to the board at law.

In that new subsection there is no suggestion at all that first recourse shall be had to the vessel. The board is taking the power to sue the agent right at the start. The board can let the vessel go out of the harbour and then sue the agent for any damage that is done by the vessel. It is no wonder that the shipping agents of Canada are upset about the provision. They cannot get insurance to cover damages of that kind, they cannot in fairness be asked to demand a bond from their shipping company, and in effect they are being put in a corner and made subject to a liability for which an agent should never be made liable.

I do repeat that the legislation should be restricted to the owner, the charterer by demise who has taken over the whole vessel, and the master. They are the people who can properly be made responsible for damage done by the vessel, but there is no right whatever to make the agent liable for that damage. I have here the brief which was submitted and I want to read the paragraph which points out that these agents are not agents in the accepted sense in ordinary business on shore. It reads as follows:

Section 1, subsection 1(e) (ea) which defines the owner as including the agent and charterer does not otherwise define what is meant by the words "agent" or "charterer" except as to the qualification that it is intended to mean the agent or charterer of the vessel. It is interesting to note as regards the agent, for instance, that the words used are not "the agent of the owner", but "the agent of the vessel"; therefore it is quite clear that reference is had to what is known in common parlance as "vessels' agents" or as "husbanding agents". Vessels' agents or husbanding agents are not in any sense of the word the representatives of the owners of the vessel. They are simply co-ordinators of services and will, for a modest fee, provide certain services to vessels coming into a port to load and discharge cargo. They will act as agents de liaison between the master of the vessel and the stevedores who will load and discharge the vessel, the ship chandlers who will replenish her stores, the coal or oil merchant who will fill her bunkers, the shipping master who will sign off or sign on her crew, the customs officer who will grant a certificate of clearance, the tug owner who will provide towing services in and out of berth, the pilotage authority who will provide the pilot to take the vessel out to sea.

Agents who do work of that kind should not be made liable for damage by the vessel to the harbours board property. Yet with the new subsection 7 of section 16 these agents will be primarily liable for all such damage. It is to remedy that difficulty that I have moved that the word "agent" be deleted from the definition of "owner". The harbours board will still have the complete right to seize and detain the vessel and to prevent the customs people giving clearance. It still has complete rights against the owner, the charterer by demise and the master; but why drag the poor agent into this liability?

Mr. Winch: I should like to say a few words on this clause. Hon. members know that I am not a lawyer, but after listening to the discussion on clause 1, which I think started about 11.30 this morning, I have come to a conclusion which I should like to submit indirectly, shall I say, as a question to the minister and his parliamentary assistant. It is quite obvious that learned counsel who are members of the house do not agree on the meaning, interpretation or potentialities of clause 1 which contains the definition of "owner". It was quite obvious before the standing committee which examined the bill that there was no common ground between learned counsel of the harbours board and learned counsel representing the ship operators of Canada. There was no common ground between learned counsel before the committee and is not now on the floor of the house with respect to the interpretation, meaning or potentialities. I cannot remember counsel for the shipping federation raising any objections in the standing committee to the act as it has stood since 1936 with respect to the definition of "owner". His objection was to the dangers that his clients saw in the amending section. I cannot remember any objection being raised to the act as it has operated since 1936 by the official representative of the federation before the committee.

This afternoon we have heard the parliamentary assistant say that there is absolutely

no extension of power in this amendment, that the harbours board has always had this power since the inception of the act. As I said, I am not a lawyer. I am just trying to apply a little common sense. If we cannot get the lawyers to agree on the interpretation or potential meaning of the provision, if there were no objections raised before the committee of this house by the representative of the shipping federation concerning the existing act, and if we have a statement by the parliamentary assistant that there is no extension of power, then why do we not let this subsection go and leave the act as it was, since it seems to have satisfied everybody. Then we could get on with the following clauses of the bill.

The Chairman: Is the committee ready for the question?

Mr. Winch: May I ask that consideration be given my suggestion?

Mr. Chevrier: I shall be glad to give consideration and reply to my hon. friend immediately. When the government introduces legislation, it is responsible for that legislation. When there is disagreement in the house, in a committee or elsewhere, the government has a legal adviser. In this instance, the legal adviser happens to be the Department of Justice. The Department of Justice has looked at this clause and has approved of it. Not only has the department examined and approved of it, but the legislative committee has approved of it.

There would be no purpose in adopting the suggestion made by my hon. friend, because then we would never make any headway with legislation. We have to take responsibility for legislation we introduce. We may be mistaken, but the advice the Department of Justice has given is that this clause is one which does not extend the powers beyond the original interpretation. I do not want to add more than that—

Mr. Winch: Then why insist on it?

Mr. Chevrier: —to the explanation the parliamentary assistant has given. We believe it clarifies the act, and we believe it makes for better phraseology in the act.

Mr. Winch: It is the greatest clarification by confusion that I have heard of in a long time.

Mr. Chevrier: There are lots of things my hon. friend has not heard of.

Mr. Hosking: I had no intention of taking part in this debate. This bill has been introduced by the government because of changing conditions. Everyone knows there is more shipping in our harbours today, owned by foreign capital or controlled by a foreign country, than there was previously. In order to bring our laws up to date, certain changes have to be made, and the government has introduced a measure to make those changes. Everyone who was a member of the committee clearly understood that, and being one of the members of that committee I had no intention of speaking about it until the member for Saint John-Albert suggested that the government members on the committee were not interested in complaining about the bill.

Naturally, we are not interested in complaining about the bill. Why should we be? Our Minister of Transport has introduced a bill to protect the taxpayers' money, and there was no one in the opposition who suggested that by this bill the board could collect money that did not belong to the taxpayers of this country. If any owner, agent or master was in control of a ship that damaged the harbour, certainly someone should pay. We as members supporting the government are anxious to see that the taxpayers' money, the money of the people whom we represent and the people who charged us with the responsibility of taking care of their assets, should be protected. Naturally, we agree. It is for that reason we have had very little to say, and certainly nothing to say that would be uncomplimentary to the bill when it was in committee.

When a new member stands up and suggests—I would not use the words suggested to me, in his ignorance—that we were uninterested, I would disagree. By our silence we have agreed with the policy adopted by the government to take care of the money the taxpayers have put up to build these harbours. We are here to see that the persons who cause damage to these installations make restitution. When we hear the hon. member for Vancouver-Quadra suggest that if a company does not pay the charges on a cargo for one trip, and comes back into the harbour again, the government should not be in a position to collect the charges at that time—

Mr. Green: On a point of privilege, Mr. Chairman, I was not talking about vessels then, I was talking about goods.

Mr. Hosking: I am making the same point with regard to goods. If the company has not paid the charges for handling those goods, there is only one place the responsibility rests and that is with the company that had their goods handled. If at any time the ship of that company enters the harbour, they should be made to pay so the taxpayers of this country do not have to stand the loss. I never heard of anything so ridiculous as to

suggest that a company, doing business over our harbours, which escapes out of the harbour without paying its bills, should be allowed to come back into the harbour again and transact business, and that the harbours board should not have the right then to collect the just dues for the services rendered. It is the same principle as that mentioned by the hon. member for Saint John-Albert, that the taxpayers of this country have no right to collect what belongs to them. It is for these reasons I have entered this debate.

Mr. Bell: I should like to say that my whole contention is not directed towards restricting the harbours board in their efficient administration. The effect of it is simply to say that we will not have ships in our harbours to worry about if this legislation goes through in its present form.

Mr. Hosking: Canada is a growing country and we would still have plenty of ships here; do not worry about that.

Mr. Green: There is one point raised by the hon. member for Wellington South. He said that these changes were to meet new conditions. He is the only one who has that idea. Certainly, that idea was not put forward by anybody representing the harbours board or the department. There are no changed conditions to be met by the bill. There were foreign ships in our ports before the war. In fact, there was nothing else. We did not have any Canadian merchant ships left, and we are not going to have any left in another few weeks or so. The situation is just as it was before the war.

Would the minister give consideration to changing the word "agent" in clause 1 where it appears in paragraph (ea) to something like, "the legal representative of the owner." I do not think anybody would quarrel with a definition of that kind. The difficulty with the use of the word "agent" is that it means the bill picks up all these shipping agents. It would be better if the minister could get away from that and use the term "legal representative of the owner." Then, you would no longer catch the man who is the agent of the vessel, and that is the unfair feature of this provision. The man who is just the agent may be made liable for damages running into hundreds of thousands of dollars.

Mr. Chevrier: In answer to what my friend says, I could not accept that suggestion because my officers tell me it would lead to a worse situation.

Amendment negatived: Yeas, 42; nays, 69.

The Chairman: I declare the amendment lost. Shall clause 1 carry?

Mr. Green: There was an amendment moved to clause 1 in committee that of adding the words "by demise" after the word "charterer". I do not know whether the committee had the authority to make that amendment, without having it moved also in the house.

The Chairman: Shall clause 1 as amended carry?

Mr. Green: I would like to have an answer to that.

Mr. Winch: I am not certain of the procedure. We have only the existing bill before us; we do not have the bill as amended by the committee. What sections are we passing? Are we passing the sections in the bill, or the sections as amended in the committee?

Mr. Langlois (Gaspe): I agree that the committee approved of adding the words "by demise" after the word "charterer". We were of the opinion that we were not adding anything by saying "charterer by demise" instead of "charterer." I repeat that we are prepared to accept that amendment.

Mr. Winch: May I ask you a question, Mr. Chairman: Are we passing the sections in the bill now before us, as introduced from the Senate, or are we passing the sections as reported and amended by the committee?

The Chairman: I have before me the bill as reported from the committee, and containing the amendments. For instance, in subparagraph (ea) I have before me the amending words "by demise" after the word "charterer"; so that we are now dealing with the clause as amended by the committee. Shall clause 1 carry as amended?

Clause as amended agreed to.

Clause 2 agreed to.

The Chairman: By leave, shall clause 3 stand?

Clause 3 stands.

Clauses 4 and 5 agreed to.

On clause 6—*Use of harbours and facilities.*

Mr. Green: May we have an explanation as to why it should be necessary to include in lines 30 to 34 the provision that the board can contract itself out of civil liability? Why should not the board be responsible for civil liability, just as any other firm would be?

Mr. Langlois (Gaspe): This was explained when I spoke on second reading the other day, and it was also explained in committee. We are not adding anything through this amendment, we are just clarifying the existing position. I explained in the debate on second reading and in committee that the

bylaws are merely the reflection of the conditions of the national harbours board's contracts with the users of its property. As in the case of a private owner, those contracts may have conditions dealing with the liability of the owner, and restricting that liability. We claim we have had this right ever since the act was passed in 1936. This proposed amendment is only to clarify the situation. As I said, it adds no power to the board.

Clause agreed to.

Clause 7 agreed to.

On clause 8—*Seizure of vessels.*

Mr. Green: Will the minister or the parliamentary assistant explain why the words "in the opinion of the board" have been added? This is the section which enables the board to seize vessels. As I have already pointed out today, that is a very drastic right. Hitherto the act contained no such words. The board was given power to seize only if certain conditions existed. Now the board is asking to be put in a position where, if in its opinion certain conditions exist, it can seize.

I see no reason why a governmental body should have that privilege. Surely they should have to stand behind their own actions. If a certain thing has been done, then let them seize; but what earthly right have they first of all to form an opinion that someone has done something and, on the basis of such opinion, to seize a vessel which may mean a loss of thousands of dollars. It seems to be an example of bureaucracy running wild. I can see no reason at all why the words "in the opinion of the board" should be included in the section.

Mr. Chevrier: I understand that from the legal position it makes no difference whether the words "in the opinion of the board" are there or not. So far as my officers are concerned, they do not insist. If it will please hon. members, I would have no objection to taking those words out, so that we may proceed with the bill. My colleague will move that the words "in the opinion of the board" as they appear in line 26 of section 16 be stricken out. Then perhaps we can get on with the section.

Mr. Abbott: I shall be delighted so to move, Mr. Chairman.

Amendment agreed to.

Mr. Green: Now, Mr. Chairman, there is another objection to this clause, paragraph (d). In the committee changes were made to (b) and (c) which had the effect of taking away the direct responsibility of the owner and placing it on the vessel itself. But here in (d) we still have the word "owner" which, of course, includes the agent. Paragraph (d) is as follows:

> The board may, as provided in section 18, seize any vessel within the territorial waters of Canada in any case where . . .
>
> (d) the owner of the vessel has in respect of the vessel committed an offence under this act or the by-laws, punishable upon summary conviction by a penalty payable under section 21 to the board.

The fact about that paragraph which should be noted is that it gives the board the right to seize a vessel before there has been any proof of breach of the bylaws. It can be seized before there has been any proof that the bylaws have been broken.

The maximum fine for breaking a bylaw is $500, so that the board is trying to get in the position where it can seize and detain a vessel although there may or may not be a breach of the bylaw for which the total penalty would be only $500. Because the agent is covered by the definition of owner, the board can also seize the vessel where it is thought that the agent has broken a bylaw, let alone the owner having broken a bylaw or the vessel having broken it. There is a provision in paragraph (f) for seizure where there has been a conviction for breaking a bylaw. That surely should be enough if a bylaw has actually been broken and it has been proved to be broken. Then, I suppose one could not quarrel so much with the power of seizure. Surely there should not be the power of seizure of a vessel where there may or may not have been a breach of a bylaw and the maximum penalty is only $500.

I move:

> That clause 8 of Bill No. 421 be amended by deleting clause 16 (1) (d).

Mr. Winch: Before the motion is put, would you read the amendment to that clause, Mr. Chairman, which was made in committee? I think a change was made to meet that objection.

Mr. Chevrier: I understand that changes were made in paragraphs (b) and (c). The parliamentary assistant tells me that he was not prepared to accept the changes in committee for reasons which he gave there.

Mr. Winch: Mr. Chairman, may I ask you, for information, to read from the amended bill, which you have and we have not, subparagraph (d), as you have it?

The Deputy Chairman: Subparagraph (d) as reported to this committee from the railways, canals and telegraph lines committee reads:

> the owner of the vessel has in respect of the vessel committed an offence under this act or the bylaws, punishable upon summary conviction by a penalty payable under section 21 to the board;

Mr. Winch: I think I am correct in saying that the objection raised by the hon. member for Vancouver-Quadra is taken care of by the amendment made in committee. You understand, Mr. Chairman, we are under a a grave difficulty here. We have not the amended bill before us. Perhaps the hon. member for Vancouver-Quadra had forgotten that we did move and pass an amendment in committee.

Mr. Green: No; as a matter of fact, when I read the paragraph just now I read it as though it contained the words "in respect of the vessel." I read those words in. The bad feature is that this paragraph enables the board to seize the vessel before there has been any conviction for a breach of a bylaw. They may seize it after there has been a breach of a bylaw and it is proved that there has been a breach under paragraph (f); and I am not quarrelling with that right: but paragraph (d) gives the right to seize the vessel before it has been proved that there has been any breach of the bylaw. In view of the fact that the maximum fine can be only $500, the board should be prepared to drop this drastic right of seizure in respect of a small thing like that. We do not want to have our ships tied up and perhaps held for days when the most that can be done to them at the finish is to fine them $500. In the meantime they have lost perhaps $50,000 or $75,000 because they have been tied up. The power to seize under those conditions might very well be dropped.

Mr. Langlois (Gaspe): In reply may I point out to the hon. member that this power exists now under subparagraph 1 (b) of the existing section 16. I quote the opening paragraph of section 16 (1) (b), as follows:

> The board may, in the manner hereinafter set forth, seize and detain any vessel within the limits of the territorial waters of Canada in the following cases:
>
> (b) whenever the master, owner or person in charge of the vessel has violated or has failed to observe any provision of this act, or any bylaw in force under this act, and has rendered himself liable to any penalty;

Mr. Green: Under the act as it stands at present there is power to seize where there has been a conviction for breaking a bylaw. I submit that the paragraph—

Mr. Langlois (Gaspe): Would you mind repeating that?

Mr. Green: —the paragraph the parliamentary assistant has just read means that the board may seize where a person has been convicted but that is specially covered by the new subparagraph (f) which was not in the old act. Now you have the two provisions. The board can seize when the man has been convicted for breaking a bylaw and can seize when they think he should be convicted. I do not think it is right that the vessel should be seized before there has been any conviction.

Mr. Langlois (Gaspe): The words I have just quoted clearly indicate that this power to seize the vessel before the conviction is obtained exists now. I shall let the wording that I have quoted speak for itself.

Amendment negatived.

Clause agreed to.

On clause 9—*Board to have a general lien.*

Mr. Diefenbaker: Subclause 1 (1) reads:

> The board has a general lien in preference to all other rights, interests, claims and demands whatsoever upon all goods in its possession for the payment of any debt owing to the board by the person in whom title to such goods is vested, whether or not the debt was incurred in respect of those goods.

I am just asking for information. I read the section over and I wondered what the situation would be under the following circumstances. A shipping company has an agent, A. The tolls, and whatever the expenses of the harbours board are, are not paid. Six months later another shipping company has the same agent, and that agent has goods on the harbour premises. Are those goods of the other shipping company liable for a debt previously incurred for which there was no liability except under the lien?

Mr. Langlois (Gaspe): I think the answer to that, Mr. Chairman, is contained in the wording itself. I wish to refer the committee to subparagraph (c) which reads as follows—I beg the committee's pardon; it is clause 17 (1):

> The board has a general lien in preference to all other rights, interests, claims and demands whatsoever upon all goods in its possession for the payment of any debt owing to the board by the person in whom title to such goods is vested, whether or not the debt was incurred in respect of those goods.

This answers quite fully the point made by the hon. member for Prince Albert.

Mr. Diefenbaker: No; I simply asked the question under the circumstances I outlined.

Mr. Langlois (Gaspe): The answer is no.

Mr. Diefenbaker: That is much simpler than using so many words.

Mr. Green: In line 22 of clause 9 we find the same words, "in the opinion of the board". There it is just as objectionable as it was in clause 8. I suggest these words should be deleted.

Mr. Chevrier: In the other case we were adding the words "in the opinion of the board"; whereas in this case they are already there. There is no change.

Mr. Green: Where does that appear in the clause?

Mr. Chevrier: The words are not underlined.

Mr. Green: Why is the board any more entitled to have this thought control in respect to goods than in respect to the vessels? If they have not the right to detain those goods then they should not be allowed to get away with it here by adding the words "in the opinion of the board". That suggestion is just as objectionable in this case as it was in the other.

Mr. Chevrier: Mr. Chairman, I was in error earlier when I made the interjection which I did. I think perhaps there is no difference between this case and the former one, and I would ask my colleague the Minister of National Revenue to move that the words "in the opinion of the board" in lines 21 and 22 of clause 9 of the bill be stricken out.

Mr. McCann: I so move.

Amendment agreed to.

Clause as amended agreed to.

Clauses 10 to 14 inclusive agreed to.

The Chairman: Is it the desire of the committee to revert to clause 3?

Mr. Diefenbaker: No, Mr. Chairman. The minister agreed to give this clause consideration.

Mr. Chevrier: Mr. Chairman, my understanding was that we were to report progress on this now so that during the course of the evening we might give consideration to clause 3.

Mr. Green: The committee on veterans affairs is sitting this evening.

Mr. Chevrier: We will try to meet my hon. friend on anything that is reasonable.

The Chairman: Shall I report progress and ask leave to sit again later this day?

Mr. Green: Mr. Chairman, the minister has agreed to allow this to stand over until tomorrow.

Progress reported.

[Mr. Green.]

BANKING AND COMMERCE

NINTH REPORT OF STANDING COMMITTEE

Mr. Deputy Speaker: Has the hon. member for Spadina (Mr. Croll) leave to revert to the presenting of reports?

Some hon. Members: Agreed.

Mr. David A. Croll (Spadina) presented the ninth report of the standing committee on banking and commerce.

MOTOR VEHICLE TRANSPORT

PROVISION FOR REGULATION OF INTERPROVINCIAL AND INTERNATIONAL HIGHWAY TRANSPORT

Mr. Deputy Speaker: Has the Minister of Transport (Mr. Chevrier) leave to revert to the introduction of bills?

Some hon. Members: Agreed.

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 474, respecting extra-provincial motor vehicle transport.

He said: Mr. Speaker, I would like to make an explanatory statement to the house on introducing this bill. The judgment of the privy council in the Winner case decided that the federal parliament has exclusive jurisdiction over interprovincial and international transportation undertakings. This jurisdiction extends not only to undertakings engaged in transport of goods or passengers between provinces, or between a province and another country, but also covers traffic movements within the province which are carried on as a part of an interprovincial or international undertaking.

Although such undertakings are subject to certain provincial laws of application, it appears that only parliament can legislate with respect to such matters as the granting of licences and the fixing of rates. It follows that federal legislation is required before control can be exercised by the province.

The purpose of this bill, therefore, is to enable provincial administrations to exercise control within each province over interprovincial and international highway transport undertaking. This would place the provinces in much the same position as before the decision of the courts in the Winner case. The act would come into force in a province by proclamation as and when that province is ready to operate under its terms.

Motion agreed to and bill read the first time.

EXCISE TAX ACT

Hon. J. J. McCann (for the Minister of Finance) moved the second reading of Bill No. 447, an act to amend the Excise Tax Act.

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

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, this bill is the result of the resolution which has been passed and I would like to make a few general comments on it. Hon. members will recall from the budget that the tax reductions this year which, I ventured to say at the time, you could put in your eye, are practically all contained in the Excise Tax Act. I shall not take up the time of the house at any length in dealing with this but I think we should remind ourselves of one or two things which, although they have been said again and again, require to be repeated.

We should remind ourselves of the extent of the hidden taxes which pyramid and which hurt the individual and which also put up the costs of all those who are manufacturing. We should remind ourselves that these high taxes have now produced a vicious circle so that we are finding it harder to sell abroad. We should remind ourselves that unemployment marches on and that the government has had very little to say about how it is to be dealt with.

The Minister of Finance (Mr. Abbott) suggested that businessmen sharpen their pencils and figure out how they can reduce costs, but it would have been much more practical if some of the taxes could have been reduced. At the same time the Minister of Trade and Commerce (Mr. Howe), as reported at page 2106 of *Hansard*, rather blithely suggested this was the year to loosen up the purse strings, in other words it was not a year for economy. As a result of those and other things we now find disturbing signs, and we have had them for some time, in the textile industry. We have also seen them in the electrical manufacturing industry, and now we have disturbing news from the motorcar industry of substantial layoffs on the part of some of the larger manufacturers.

As the hon. member for Eglinton (Mr. Fleming) pointed out in his speech, the minister seemed to be interested only in two or three-wheeled vehicles and to have nothing whatever to offer as regards four-wheeled vehicles. In other words, no reduction was made in the huge tax on motorcars and we can, I think, very easily attribute the present layoffs, which are disturbing, and which perhaps will be more disturbing, to the fact that there has been no reduction on motorcars. Prices are high and therefore we have distress cropping up in the motor industry as well as in the textile and electrical appliances industries.

When we come more to the details of this bill it is hard to see why some of the articles were selected at all. In fact, it seems as though the minister was in a very light-hearted mood when he made the selection. We have firearms, golf clubs, fishing reels, cameras, ash trays, tires, and tubes. Tires and tubes are more practical and more important. However, it almost looks as though the minister had been in rather a light-hearted mood, or perhaps had thought that, as there was such a small reduction anyway, it did not matter much where it was put, and that one place would be as good as another.

Mr. Speaker, I do not think it is necessary for me to take up more of the time of the house. We now have this bill implementing what was set out in the budget resolutions. The matter was debated at that time. I shall not now take up more of the time of the house.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for Greenwood (Mr. Macdonnell) has just pointed out, this is one of the bills that implement the budget proposals made by the Minister of Finance (Mr. Abbott) on April 6. We feel that this bill points up the fact that the minister took the taxes off in the wrong places. This bill specifically indicates that on a certain number of luxury goods there is to be a reduction in taxes but that, as for the general sales tax across the board, which should have been reduced, no effort was made by the government to make any reduction in that direction. We therefore look upon this measure as another one of those bills that reduce the taxes in the wrong places, without cutting taxes that should have been reduced.

Mr. J. G. Diefenbaker (Prince Albert): Mr Speaker, I do not wish to prolong the discussion but inasmuch as I did not have an opportunity of saying anything with regard to the budget, I want to say a few words with respect to this bill.

The hon. member for Greenwood (Mr. Macdonnell) has stated that the unemployment situation is serious. Today an announcement was made by the wheat board to the effect that the sales price of wheat had been reduced by some ten cents a bushel, a fact which indicates a serious situation in the marketing of the products of this country and one that deserves the serious attention of the house, late though it is in the session. The hon. member for Greenwood

referred to the unemployment situation as being somewhat intensified in recent days in the automobile industry, and the hon. member who just took his seat stated that the reductions which were made in taxation this year were reductions on those things that did not seriously affect the economy of the people. There still remain the hidden taxes on the needs of the home, including furniture, clothing, boots and shoes and the like. The reductions on those things on which they were made represent but little saving for the average man or woman in this country.

In the last few days particular attention has been given to the automobile industry. In view of the fall-away in the purchase of and the demand for automobiles and the fact that the tremendous taxes levied on automobiles have been responsible for the reduction in that demand, I suggest that consideration should be given, even at this late date, to bringing in legislation which would reduce the excise and other taxes that are levied on automobiles today, in order to meet the threatening and rising unemployment situation.

One does not want to go back to 1929; one does not want to recall those days; but, in considering the events of today, one cannot lose sight of the fact that during 1929 unemployment was touching industries similar to those which are affected today. In 1929 we had a tremendous bumper crop of wheat, as we had in 1928. No action was taken then when action should have been taken. Even as late as February, 1930, in the speech from the throne of that year, the governor general had words placed in his mouth to the effect that Canada was in an exceptionally fine position, for no part of the 1929 wheat crop had been sold. Today we are in the same position as far as the 1953 crop is concerned. I feel that even now, in these late days of the session, serious consideration should be given by the government to doing something to meet not only the agricultural situation but generally the threatening and rising unemployment problem which must be met and which can only be met now in advance of a possibly more serious situation developing in the future.

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I should like to say just a word with regard to this bill. Under it no relief, or practically none, is given to the Canadian manufacturer of watches and clocks. The excise tax has been reduced by only 5 per cent, leaving a 10 per cent excise on watches and clocks except those for use of railway men and the blind. This leaves a 10 per cent excise tax; and on top of that we have the 10 per cent sales tax. These taxes result in a tremendous handicap to the Canadian manufacturer. On top of that, watch parts and watches are allowed into this country under an extremely low duty—what you might call a dumping duty—which does not give the Canadian manufacturer or the Canadian worker a chance to compete. I personally feel—as I know do those in the business—that this excise tax on clocks and watches certainly should be taken off altogether. Clocks and watches are not luxury items; they are a necessity. A worker has to have a clock in order to know when to get up to go to work, so that he may work all during the day and the week. At the end of the week he gets his pay cheque but his taxes are deducted. I do not think you should charge that man twice; and that is what is being done.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Application to Yukon and Northwest Territories.*

Mr. Benidickson: Mr. Chairman, I should probably make a short statement about the bill. This bill, of course, implements the budget resolutions that have been before the house. At the same time that the act is being amended the opportunity is being taken, as is customary, to propose amendments to certain administrative sections so as to keep the act up to date with changing conditions in Canadian business or within the administration. Of the 15 clauses in the bill, 8 are the result of budgetary resolutions, 5 are amendments to administrative sections of the act, and one is to restore a section accidentally deleted through an error in numbering. The remaining one is for establishing a date on which the various sections of the bill come into force.

Clause agreed to.

On clause 2—*How return to be signed.*

Mr. Macdonnell: This is stated to be a subsection which was inadvertently repealed by the amendments of 1952-53 and should be restored. Have any situations arisen in the interval which need to be cured in any way? Is there anything that needs to be done other than the mere restoration?

Mr. Benidickson: It is the mere restoration of the clause. Administratively we have not really run into serious trouble, but it was not

intended that it should be deleted. This relates to the tax on insurance premiums section.

Clause agreed to.

On clause 3—*Calculation of sale price and duty paid value.*

Mr. Fraser (Peterborough): Will the parliamentary assistant explain exactly how this is going to work?

Mr. Benidickson: I gave an explanation of this at the resolution stage. I think my hon. friend probably remembers that. This is another item to implement the budget resolutions. It happened that late in 1953 the tariff board ruled in an appeal that an importer could segregate the packaging material from the contents for duty purposes. This had the effect of permitting the importer to import goods subject to excise tax and pay the excise tax on the goods only and not on the packaging material. This of course was an unfair advantage in relation to the Canadian manufacturer who paid on the total price.

Clause agreed to.

Clauses 4 to 9 inclusive agreed to.

On clause 10—*Drawback.*

Mr. Macdonnell: Will the parliamentary assistant say something about this clause?

Mr. Benidickson: This clause is one that reorganizes and simplifies the drawback section in the act and also adds to the list of goods subject to drawback. The drawback is extended to goods supplied as ships' stores, goods to be used for the reconstruction, equipment or repair of ships, and aircraft and telegraph cable ships under certain conditions. It is a clarifying clause, and I think it spells it out a little more clearly. In addition, it will remove the necessity of using the refund sections of the act for regular remissions that take place.

Mr. Macdonnell: I was out of my seat for a moment and I should like, by leave, to ask the parliamentary assistant to say a word about clause 7.

Mr. Benidickson: This just makes it clear that sales and excise taxes will not be paid on these particular tariff items. Tariff item 704 is the item which permits the free entry of personal and household effects bequeathed to Canadians from any British country. Item 708 is the tariff item which gives effect to an international agreement we have with our partners in NATO under which servicemen's goods are imported duty free, and this merely makes it clear that they are also free from sales and excise taxes.

The Chairman: Shall clause 10 carry?

Mr. Macdonnell: I should like some explanation of clause 10.

The Chairman: I understood that the parliamentary assistant replied with respect to clause 10.

Mr. Macdonnell: Oh, yes.

Clause agreed to.

Clauses 11 and 12 agreed to.

On clause 13—*Time limited for prosecution.*

Mr. Diefenbaker: I should like to ask the parliamentary assistant the meaning of this section. I do so because if I read it correctly the clause, while on the face of it appearing to fix the period of limitation at three years for summary conviction matters, in addition provides that action can be taken alternatively within one year from the date on which evidence, sufficient in the opinion of the minister to justify a prosecution for the offence, came to his knowledge. That would seem to extend the period of prosecution almost synonymously with eternity. As I see it, if the crown were in the position at the end of three years that it had no action or in its opinion could not successfully take proceedings, it could extend the investigation indefinitely until such time as the minister signified by a simple certificate that within one year of a certain date sufficient evidence had been secured or was in process of being secured, and therefore action could now be taken.

I must say that is not what one would call a limitation section. If my interpretation is correct, and I am merely submitting it to the parliamentary assistant for his consideration, it is actually a delimitation section, with the period limited only to within one year from the date on which the minister signs a certificate that evidence has come to his knowledge which in his opinion is sufficient upon which to found a prosecution. I think the essence of our law, even for the most serious offences, is that there must be a limitation to the taking of proceedings at some time.

In the case of murder, for instance, as I recall it, the person must die within one year and one day of the wrongful acts. While I wish to see every assistance given to the department to punish fraud and wrongdoing, surely the books of prosecution should not be open indefinitely as they will be under this clause when proceedings will be conditional and upon the prerequisite that the minister signs a certificate that information has finally come to the department within one year of which prosecution can take place.

Mr. Benidickson: The only difference between this proposal and the present act is the extension from six months to one year for the minister to have the opportunity to get his auditors' reports and for the person involved to have the opportunity to answer the minister. It is found that auditors are somewhat behind these days and six months has not been sufficient. This is modelled on the Income Tax Act. There they have a five-year period instead of three years, but they also have the twelve-month period instead of six months, and it has been found that it is necessary.

Mr. Diefenbaker: With deference to the hon. member, I point out that it is not quite as simple as that. The present section reads in part as follows:

> . . . but where false or fraudulent acts . . . are involved in any offence committed . . . the prosecution or suit may be commenced at any time within the said period of three years or within six months after the minister or the deputy minister of national revenue for customs and excise has knowledge or notice of such false or fraudulent acts . . .

Up to the present time the only reason for delimiting the period of action has been the fraud or fraudulent acts of the individual. I would have no objection to the period of one year provided it was limited to fraud and fraudulent acts.

Mr. Benidickson: That uniformity too, I believe, is modelled on the Income Tax Act.

Mr. Diefenbaker: That does not answer the situation at all. The hon. gentleman says the only change we have made is to extend the present six months' period following the three years to one year, but that is not the only change. The only reason for the three years not being the final period of limitation previously was in a case where there had been fraud or fraudulent acts. I can understand the arguments of my hon. friend that the auditors are far behind and that there should be an additional six months provided in order to meet the wrongdoing of fraudulent individuals. But surely where there has not been fraud the individual should not be placed in a position where, no matter how long after the alleged offence, he could find himself in a position where he is subject to a prosecution. That is not the principle of the law. The principle of law is that a period of limitation should ordinarily be provided.

The minister says that the earlier provision is in effect in the Income Tax Act, if I heard him correctly. Would he read the corresponding section of the Income Tax Act?

Mr. Benidickson: I wonder whether we could have this clause stand and then we could look at the schedules while my assistant is checking the act.

[Mr. Diefenbaker.]

The Chairman: Is it agreed that this clause stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 14 and 15 agreed to.

Schedule I agreed to.

Schedule II agreed to.

On schedule III.

Mr. Knowles: I should like to ask the parliamentary assistant a question or two concerning schedule III. I refer in particular to that portion of schedule III that appears on page 11 of the printed bill under the subheading "charitable, health, etc.". I take it that the only items which have been added to this list, which is a list of items exempt from the sales tax, are hearing aids and parts thereof, including batteries specifically designed for use with such hearing aids. We welcome the addition of these items to the list of goods exempt from the sales tax. Has any further consideration been given to the request for sales tax exemption to charitable organizations under this subheading? Are any other charitable or health items now under consideration for sales tax exemption?

Mr. Benidickson: As I explained at the resolution stage, these matters are subject to frequent representations, particularly just prior to the introduction of the budget. The committees that do review these matters did have representation in connection with the charitable institutions. There were some suggestions about widening this group of exempted articles, but in the view of the government this was as far as it should go at this budget.

Schedule agreed to.

On clause 13—*Time limited for prosecution.*

Mr. Benidickson: I have here the section to which I was making reference. It is section 136(4) of the Income Tax Act, in the section of the act dealing with procedure and evidence. Under the heading "Limitation of prosecution", it says:

> An information or complaint under the provisions of the Criminal Code relating to summary convictions, in respect of an offence under this act, may be laid or made on or before a day five years from the time when the matter of the information or complaint arose or within one year from the day on which evidence, sufficient in the opinion of the minister to justify a prosecution for the offence, came to his knowledge, and the minister's certificate as to the day on which such evidence came to his knowledge is conclusive evidence thereof.

Clause agreed to.

Bill reported.

Mr. Deputy Speaker: When shall this bill be read a third time? Now?

Mr. Knowles: By leave.

Mr. Pickersgill (for Mr. Abbott) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

EXCISE ACT

Hon. J. W. Pickersgill (for the Minister of Finance) moved the second reading of Bill No. 448, to amend the Excise Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Duties.*

Mr. Macdonnell: Will the minister explain this?

Mr. Benidickson: I made on the resolution stage quite a full explanation of the proposal in this budget to change the method of taxing beer from a malt basis to a gallonage basis. My remarks appear at page 4835 of *Hansard* for May 18, 1954. Most of the changes in this act are consequent upon that change in the method of taxation.

Subsection 1 of section 1 of this bill proposes the removal from the act of marking provisions which it is felt would be better issued as regulations. This section 171 has been in the act for the last 15 or 20 years, but has been outdated by the change in the production methods of the modern breweries, as well as new methods of marketing and distribution by interlocking arrangements or reciprocal agreements. To meet these changes, it is desired to adopt labelling requirements similar to those which have been in effect for distilleries for some time and which have worked out very satisfactorily for comparable conditions.

Under section 176 of the act—which it will be seen is also being amended by section 3 of this bill—the governor in council is empowered to make such regulations as are necessary for the carrying into effect and the enforcement of the provisions of the act, and it is considered that this authority should be extended to provide for the prescribing of regulations for the marking of containers.

Mr. Macdonnell: Am I correct in understanding that the substance of this is that there be two methods of taxing, one by gallonage and the other by poundage, and that this is really designed to remove any discrimination by applying only one method?

Mr. Benidickson: The substance of the bill is that we adopt the gallonage method. It changes the schedules, establishing new methods for taxing on a basis of gallonage, rather than the system we have had hitherto of taxing on a poundage basis, on the malt.

Mr. Macdonnell: Then we can take it that this bill, which seems to have a rather large number of sections to achieve a simple purpose, is to make the necessary technical changes to give effect to what the parliamentary assistant has just said.

Mr. Benidickson: With the exception of the labelling regulation, that is correct.

Mr. Fraser (Peterborough): Does the parliamentary assistant expect to get in more revenue in this way?

Mr. Benidickson: I explained at the resolution stage that the gallonage rate seems to be approximately the rate that was effective on the malt. I explained that when the original tax on a poundage basis was established the brewers were putting about two pounds of malt to a gallon of beer. We have found that under efficient manufacturing methods that has been becoming somewhat less. I believe it is down to roughly 1·8 pounds per gallon of beer. We think that the tax revenue will be about the same, with the exception I indicated that there would be an effective reduction in the rate on about 6 per cent of the beer that is brewed, which is manufactured from corn flakes and corn adjuncts. But the agricultural community felt that we were taxing them unfairly on the beer in relation to the product made from malt.

Clause agreed to.

Clauses 2 to 6 inclusive agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF

Hon. J. W. Pickersgill (for the Minister of Finance) moved the second reading of Bill No. 468, to amend the Customs Tariff.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Schedule A amended.*

Mr. Macdonnell: There is a tremendous amount of detail in this bill. Is the effect of it precisely to embody the schedules contained in the resolution, and to what extent if any is there a change?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, the only changes from the resolutions as passed by the committee of ways and means on May 31 would refer to items 146 and 147, which deal with the import duties on ale and beer. These new sections

merely parallel the new gallonage taxing rates we have just discussed. The only changes in these items are those in italics. On the first page of the schedule my hon. friend will see two items, namely items 146 and 147, and he will note that, as indicated in italics the tax is being changed to 38 cents per gallon, consistent with the action we took under the Excise Act, to provide a tax on Canadian manufactured beer and ale of 38 cents a gallon.

Mr. Macdonnell: That was set out in the minister's speech?

Mr. Benidickson: Yes. Apart from that, every item in schedule A is as it was passed in committee of ways and means the other evening.

Mr. Knowles: Including the amendments made in committee.

Mr. Benidickson: Yes. The schedule has been amended in accordance with the resolutions that came finally from the committee of ways and means.

Mr. Macdonnell: Is the parliamentary assistant referring to clause 1 or to the whole bill?

Mr. Benidickson: I am speaking about clause 1 at the moment. I propose to refer to clause 2 later.

Mr. Low: Mr. Chairman, before clause 1 is carried let me say that when the resolution was before the committee I asked the parliamentary assistant whether consideration was being given to the removal of the tariff imposed on wagons. Although it was not possible for me to be here during the discussion, I did read what was said in the debate, and I did not find anything in connection with the suggestion I had made and which had been made for some years by the Canadian Federation of Agriculture.

I wonder if the parliamentary assistant would say something about it today, because it would seem to me that we are not following out the policy laid down by a former minister of finance, Mr. Ilsley, in 1944, wherein he declared it was the intention of the government to make duty-free all those implements and instruments used by farmers in the process of production. I pointed out the other day that wagons certainly are used by farmers in the process of producing food. Therefore, under Mr. Ilsley's policy, which doubtless was reflecting government policy, it should be included.

Mr. Knowles: They have had only 10 years. Are you not rushing them?

Mr. Low: Perhaps so; but it would be interesting to hear what the parliamentary assistant has to say.

[Mr. Benidickson.]

Mr. Benidickson: I did refer to my hon. friend's speech when I spoke later in the day, as reported at page 5285 of *Hansard*. One point I made was that this year the submissions from the Canadian Federation of Agriculture came in rather late. It was agreed by both sides that in another year they would meet at some time earlier, prior to the budget. So far as this specific item is concerned, I assured the hon. member that that matter would be considered for another budget.

Clause agreed to.

On clause 2—*Idem*.

Mr. Benidickson: There is an amendment to be moved to clause 2.

Mr. McCann: I move:

That clause 2 of Bill 468 be amended by inserting, immediately after "402e", the words "respecting wire of iron or steel".

Mr. Benidickson: I would like to explain that amendment. The amendment moved by the minister will correct the technical error in the drafting of clause 2. Owing to a typographical mistake, the tariff item that was originally to be No. 402c appears in chapter 60 of the Revised Statutes of 1952 as 402e. I understand that when the revised statutes were prepared there was a broken "c" and the printer thought it was an "e" and the result is we have two sections numbered 402e in the revised statutes. Then these words in the amendment are added so that the particular 402e we are changing is identified as the one "respecting wire of iron or steel." There are two, and therefore we indicate which one is being changed to be called 402c.

Mr. Macdonnell: I have one question. Obviously, I do not know the technical significance or the effect of this. Sometimes these minor wordings can be very important in a certain business. Has this change been brought to the attention of people who might be concerned, so that they have had a chance to make representations? Is that not a fair thing to suggest?

Mr. Benidickson: In this particular case, Mr. Chairman, it is only of technical significance. The committee will recall that we had a change in this item in 1952, the same year that we were passing the revised statutes. The "c" was broken. The printer thought it was an "e". The error was missed. There is no change in rates; it has no significance to anybody who does business under this item.

Mr. Gillis: Is this an amendment to clause 2?

The Deputy Chairman: Yes.

Mr. Gillis: I want to say something on clause 3.

Amendment agreed to.

Clause as amended agreed to.

On clause 3—*Schedule B amended.*

Mr. Gillis: I wanted to say a word or two on clause 3, with reference to schedule B, on the principle of the drawback, which is to be found on page 11 of the bill, item 1044. That item sets out that fire clay or fire brick imported into Canada for certain purposes is subject to a duty, but that duty is wiped out by permitting a 99 per cent drawback of the duty if the material is imported for those purposes. I consider that that drawback, even in those particular cases, retards and militates against the development of industry of that kind in Canada. I do not see very much sense in importing fire brick or fire clay from the United States and putting a tariff against it and then permitting a 99 per cent drawback on the material, which in effect nullifies the tariff. In my judgment that principle prevents the development of an industry of the type that we are dealing with.

I point out also that that same principle militates against the maintenance and the development of a coal industry in this country. Coal is facing a crisis, and this drawback on coal imported from the United States and used for metallurgical purposes is a principle that is preventing the expansion and maintenance of a coal industry in this country. For a great many years there has been a duty of 50 cents a ton on bituminous coal from the United States; but coal imported from the United States has a drawback of 99 per cent, which means that on all coal imported and used in Canada for metallurgical purposes the tariff is wiped out because of the drawback.

I disagree completely with that principle. If we are going to put on a tariff, then the tariff should be applied without the device that is now being used, as indicated by this part of the schedule B. There would be very little difficulty in developing a fire clay or a fire brick industry in this country. There is a substantial fire clay and fire brick industry in Canada at the present time, particularly in the maritime provinces. The device of a drawback or a refund of the tariff put on at the border, in my opinion, is a bad principle, and it injures the development and expansion of industry in this country, I do not care what industry it is. I know it has militated greatly against the best interests of the coal industry in this country, and I would suggest to the parliamentary assistant—I know he cannot do anything about it now—that this matter should be taken under the consideration of the Department of Finance with the end in view of arriving at some other arrangement that would not put in the stop-blocks that this device puts against the development of industry in Canada.

Mr. Macdonnell: Will the parliamentary assistant relate this section through to the schedule in the budget resolutions?

Mr. Benidickson: Yes. In the budget resolutions it is item 3 on the last page of the ways and means resolutions, items 1044 and 1052.

Mr. Macdonnell: Does that mean that all the items we have here on the last page are the same as the items in the budget resolutions? There is no change. It is entirely tied into this last page?

Mr. Benidickson: That is right. The new schedule is entirely in accordance with item 3 of the ways and means resolutions.

Clause agreed to.

Clauses 4 and 5 agreed to.

Schedules A and B agreed to.

Title agreed to.

Bill reported, read the third time, by leave, and passed.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 467, to amend the Income Tax Act.

Mr. J. M. Macdonnell (Greenwood): I want to make one or two general observations, Mr. Speaker. The Income Tax Act has now invaded the lives of almost everybody and is a matter of great importance to them. It seems to me a great pity that a matter which is infinitely complicated in itself seems almost more complicated by what on the face of it looks like a multiplication of statutes.

We have the Income War Tax Act; we have the Income Tax Act and then we have The Income Tax Act. These last two are extraordinarily difficult to keep separate because sometimes the "the's" get spelled with small letters instead of capital letters. I suppose it is obvious to say it is desirable that legislation should be clear, simple, definite and unequivocal.

As I said a moment ago, the subject matter here is extraordinarily complicated. I would ask the minister whether it is not possible that even further efforts might be made to simplify the situation. Will it eventually work out so that these three will not be necessary? I understand there are certain temporary features which make it hard to

deal with the situation at the moment, but it seems to me that at the present time it is a little like the antediluvian method of dealing with land titles when people had to carry the title deeds around with them in a box, otherwise they could not make a title to their property. After that we got registration deeds and that, of course, led eventually to the land title system wherein they adopted the method we now have of dealing with ships and applied it to land.

I am not going to belabour the point but I would just ask the minister whether there is any hope that we might work out a simpler method. I am quite sure he will agree that almost anyone whose affairs are in the least bit complicated must obtain outside assistance, although I admit the Department of National Revenue does a good deal to help. Nevertheless it is still true that anyone whose affairs are complicated must obtain legal advice and, as a matter of fact, there are actually only a minority of lawyers who have mastered the intricacies of the whole act. I suppose it would be a sad day for them if things became too simple, but I imagine that even after simplification there would be plenty of difficulties with which they can deal.

I know it is difficult but I would like to submit to the minister that the problem still remains of doing something to make this complicated situation seem less complicated and somewhat more clear than it is now.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, since this is the last crack we will get at the Income Tax Act during this session I should like to say just a brief word. I submit once again my complaint that this bill amending the Income Tax Act does not include a provision to wipe out the 3 per cent floor under medical expenses allowed as deductible for income tax purposes. There is no case that is less necessary to make on the floor of this house both because the case is so clear in regard to what we ask, and because it has been made so often.

I regret the minister has not seen fit to meet our request in this connection at this session, but I hope he will do so at the next session, if he is still here. If he is not here, or if he has moved to some other type of employment, I hope his successor in the Department of Finance, whoever he may be, will make that change.

Just to make sure that the minister's successor is aware of the importance of this matter, I should like to give notice that I will again place a notice of motion calling for the deductibility of medical expenses right from the first dollar on the order paper at the beginning of the next session.

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I would just like to say a word or two at this time. First of all I would suggest that the Department of National Revenue—and I see the minister is now in the house—consider putting up a district tax office in the new federal building being erected at Peterborough. As things stand at present the citizens of Peterborough have to go many, many miles down to Belleville in order to have their accounts checked, and since that is a journey of about 75 miles it is very hard for them to do that. Peterborough has a population of over 45,000 and that population is increasing all the time. It is a tremendous district and there is a good deal of income tax paid there. For that reason I feel that something should be done for the people in that district. At the present time there is a temporary income tax office installed at the old customs house for about two months before April 30.

Mr. Speaker: Might I suggest to the hon. member that he discuss this matter when the estimates of the Department of National Revenue, the Department of Public Works, or the Department of Finance are before the house. I think he has made his point in a brief form at this moment and that ought to be sufficient in view of the fact that the principle of this bill is under discussion at this time.

Mr. Fraser (Peterborough): Thank you, Mr. Speaker. I did make my point and I hope something will be done about it. However, in connection with the Income Tax Act I would have liked to have seen some consideration given to those who have to purchase glasses, in view of the heavy expenditure they have to incur in that regard. In addition, no consideration has been given to the cost of ambulance service, and many people have to pay for ambulances or taxis every week in order to take them to hospital for treatment. I also think further consideration should have been given to the blind and the present earning level increased in that regard instead of being kept at its present level.

Mr. Roland Michener (St. Paul's): Mr. Speaker, my subject deals with the question of taxation on savings for pension purposes. I raised the issue on the resolution stage when the minister was not present, though a brief reply was given to the point I endeavoured to make at that time. Since then I have taken the trouble to study with some care the answers given by the minister to some of the same problems last year.

Now, Mr. Speaker, what we are being asked to do in this bill is to increase the exemption allowed to people who are employed in regard to the contribution which they make to approved pension funds. The exemptions covered in the act extend to $900 for employees' contribution, and $900 for the employer's contribution, which is a total contribution to the pension fund of $1,800. With respect to arrears, I understand in this case the employee, if he so wishes, can pay another $900 and the employer an additional $900 making a total of $1,800, or $3,600 in all which is the amount of earnings which will be exempt from tax in the case of an employed person.

As I understand the present bill, the $900 contribution in each case is increased to $1,500, which means that a total of $6,000 of the earnings of an employed person can be put aside into a pension fund and thus be exempt from tax. For a man to be able to save that much money, after paying living expenses and meeting other taxes, I estimate that his tax bracket would have to be in the neighbourhood of 47½ or 50 per cent, so that, in effect, in the case of an employed person the government is contributing half the money that that person saves and puts into a pension fund.

Now, I would like to say a few words about the views expressed by the minister last year, because I have not been convinced by what was said this year, nor by reading last year's debate, that the self-employed person is in any different position from that of the employed person. I hope the minister himself, who has always expressed some doubt or at least some concern on this point, will in time accept the argument that has been advanced by a good many people and which affects a great many people in this country.

The number of people who paid income tax in the self-employed class during the last full year for which tax statistics are available was 319,000; they are made up of primary producers, professional men, business proprietors and financial people. Those 319,000 taxpayers represent a fairly good cross-section of the industry of the country. I may say right now that the income tax they paid was $246 million in 1951. In other words, 320,000 people paid $246 million of income tax as against $543 million income tax paid by employees who are now entitled to the benefits of the tax-free saving which is allowed to those who contribute to pension funds. In other words, the amount of tax paid in the case of the self-employed was half as much as that paid by the employees. Yet the deductions which those self-employed people were allowed to make for their savings paid into pension funds was only 4 mills on the tax dollar paid by them. Four mills on the tax dollar was the total extent of the pension deduction made by that class of people. The employed, on the other hand, averaged 20 cents in pension deductions on every tax dollar paid by them. There is therefore a great disparity between the position of the two groups. Unless the minister and the government are thoroughly satisfied that that disparity is not unfair, I suggest that it is not too late even yet to find a means of dealing with this problem.

May I deal briefly with the points which the minister made last year. In the first place he said that this system of allowing deductions for the savings made by people during their earning years was a departure in principle from the general principle of the act, that new principle being that there is a tax postponement given on savings devoted to the purchase of retirement annuities. The adoption of this principle followed the Ives commission report which advocated a uniform system of taxing pension income when it is received as a pension and not when the money is put into the fund as a saving. That procedure has the effect of freeing from tax the income as it is earned and put into the fund but makes it taxable after retirement when that income is paid back to the pensioner in the form of his pension.

Obviously there is a great disparity in the rate of tax paid by a man who is at the height of his earning powers and is making his best salary in his middle years and the rate of tax which he will pay on a relatively small pension after he has retired. The consequence is that you are treating one class of people in one way and are treating another class of people in a different way. In other words, to ask the self-employed to pay a tax on their earnings when they are at the height of their earning capacity and then to be relatively free when that pension eventually becomes payable after they are retired and when their income is small is quite unfair, in my opinion.

The minister explained the advantage of this method. He said that it was a principle that was a departure in the first instance. But, the principle having been adopted, he found there was considerable mechanical difficulty in applying it further and going beyond the case of employed persons. As I understand the proposition, that argument simply comes down to the statement that the mechanics of tax convenience stand in the way of treating the self-employed person in the same way as the employed person is treated. I suggest to this honourable house

that that is not an answer for what is obviously a disparity or a discrimination between the two groups.

The second point that was made is that the government is interested in seeing pension plans adopted in industry. However, it does not agree that because employees have tax postponement, therefore self-employed persons should likewise have it in respect of their voluntary savings. Mr. Speaker, if saving for a pension is good for a Canadian because he is employed and paid by another, why is not saving for a pension equally good for his neighbour who makes his own living? Why call the saving of one person voluntary and the saving of the other person involuntary or something different in kind?

The third point was that the self-employed can buy endowment policies or annuities and that he receives very reasonable tax treatment. I agree that that is the case. After he has paid his tax on his income, if he has any left with which to buy an annuity, he can buy an annuity on favourable terms as to tax. But that is not really the dispute at all in this case. The question is whether he should be allowed to buy his annuity before he has paid his tax.

The fourth point was that an employee's savings are locked up in an approved pension plan. That is quite true, although I suggest that it is no more true than it would be in the case of self-employed persons if the approved annuity plans in which they could invest were not subject to anticipation. As I see it, the minister's point is that when an employed person makes his contribution into the firm's pension fund he has no right to withdraw it during the course of his employment or, in fact, until he reaches a certain age. I believe there are a great many exceptions to that provision. I myself know of some in my own experience. I refer to those who leave employment after a period of time, even under these approved plans, and withdraw the capital from the fund. However, that is by the way. The point is that the savings of a self-employed person could equally well be tied up by annuity plans which could not be anticipated. I see no insuperable technical problem in that matter. I am sure that the insurance company annuities and the government annuities could be written in terms which would prevent anticipation of the fund, except in certain emergency cases which would be so minor as not to affect the principal.

The fifth point which the minister made was that if this benefit or principle or policy of encouraging savings for old age pensions were extended beyond employees, there would be no logical stopping point short of allowing this privilege to everybody, including employees not now covered by pension plans. To that argument I say "Quite so". There is and there should be no stopping point short of every person who is earning enough money to save some of it for a pension or annuity against the time when he will have to retire.

Those who are not working for firms which have had the initiative to instal pension plans are unable to get the benefit that accrues to their neighbours in an adjoining plant where there is an approved pension plan in effect. In two plants on the same street you will find that the employees are affected differently. The employee is not responsible for that condition. It is his employer who in the one case has not seen fit to instal a pension plan. As the law stands, the employee can do nothing about it. If the minister would accept my proposition and approve certain types of annuities which are the equivalent to pensions the employee whose firm did not see fit to have a plan could still make his savings, provide for his retirement and obtain his exemption just as the other employee does.

The sixth point made by the minister was that he did not know what volume of savings would be attracted. He thought that a substantial sum might be involved. I think that is so. The amount might be substantial, and I will come to the actual amount in a few minutes when I deal with the minister's next point which I give in his own words as follows:

> I am not sure that at this stage of Canada's development I would like to take the responsibility for directing the savings of the Canadian people away from equities into debt securities.

What that means is, as I understand it, that if the 320,000 self-employed who now pay taxes saved $240 on an average, basing the amount on the rate of savings of a member of parliament under the parliamentary pension fund, the amount of savings which would be tax exempt would be only $76 million. To say that the economy of Canada is going to be thrown off balance or that our capital investment program is going to be upset by an amount of $76 million, and that that it is a serious matter for the government seems to me to be illogical and unrealistic. I think the minister was probably reaching for arguments at that point to satisfy the department because obviously they do not wish to undertake to deal with the problem owing to the mechanical difficulties.

It seems to me that the argument that it would seriously affect the investment balance as between equity and debt securities is quite a long shot as an answer to this serious

discrimination. Surely if the investment policy of the country is involved tax policy can act more directly to secure investment in equities as the minister has done with his very creditable arrangement for allowing deductions from tax with respect to dividends. Surely it could be done much more effectively that way than by making fish out of the self-employed and budget birds out of the employed.

Mr. Knowles: You mean fryers.

Mr. Michener: The minister's concern seems to be that those who are self-employed should be required to risk their capital in equity investment instead of saving it for their retirement but those who have security of employment with a firm paying their salaries are not subject to the same concern. What he says in effect is that these employed chaps had better be careful, that they had better save for their old age and the department will not now tax the money they are receiving in the pension fund which is going into gilt-edge securities. On the other hand, he says that the people who do not have the security of a steady job and who are working at their own risk had better risk their savings as well if they have any after paying income tax. He says that he thinks that they should not save anything that has not been fully taxed even if it goes into an approved form of annuity that is payable and taxable when the person is too old to work.

May I refer again to the figures as to the amounts and number of people involved. They are the best I could find. As I said before, there are about 320,000 self-employed who pay income tax. They are divided into a great many different categories. I shall not repeat the instances which I gave in my earlier remarks. I think perhaps one of the most cogent instances is the case of a nurse who is employed by a hospital working alongside a nurse who is working for a patient by the day.

Mr. Abbott: Would my hon. friend permit a question? What does he include in "self-employed"?

Mr. Michener: In "self-employed" I include all those—

Mr. Abbott: Farmers?

Mr. Michener: Yes, farmers, fishermen, all those who are working on their own and do not receive their income in the form of a wage or salary cheque. I take it that is the category in the taxation statistics. I have the very excellent book for the year 1951 and it gives these figures. Primary producers, which would include farmers and fishermen, had a taxable income of $117 million on which they paid a tax of $23 million. These statistics show how much of that total taxable income was allowed as a deduction by reason of being paid into a pension fund. In the case of that large group of producers whose taxable income was $117 million only $76,000 was allowed as a deduction from taxable income by reason of the amount being saved by some sort of a pension.

When we come to the professional group, which includes many hon. members in the house, taxable income amounted to $158 million, and the total amount which was allowed to be saved tax free was $227,000. In the case of business proprietors, small businessmen who were able to put aside something towards a pension, the amount of $314,000 was not taxed. I am not sure how they were able to save anything that was tax exempt. However, the taxation statistics for that year show that a total of $908,000 was actually allowed to self-employed persons as tax exempt by reason of it having been saved in some sort of pension scheme recognized by the income tax authorities. That is less than $1 million for 320,000 business people, a very good cross-section of the business community of the country.

I come to the amount of the exemption allowed to the employed simply because they were employed and not on any other basis of distinction. They earned and received the same kind of dollars, and the only principle of differentiation was that in the one case they were paid by an employer's cheque and in the other case the money was earned by some kind of trade or activity. The amount that was allowed by way of exemption to the employed in the same period was $95 million, which was 100 times as much as the amount allowed to the self-employed. That is out of all proportion, of course, to the numbers in these two representative groups. The number of employees was 2,444,000, which is perhaps eight times as many as the self-employed.

As I said before the principle involved appears to me to come down simply to one of the method of receiving one's remuneration for one's activity in the commercial life of the country. I do urge the minister to review this situation again, and I would be glad to suggest to him a very simple amendment to the act which would make it possible for the department to approve pension fund or annuity payments, which have the same features as approved pension plans now for industry. In this way a great number of people throughout the country who wish to provide for their old age, or for the time when they must retire, can do so on the same terms as those who are employed.

Income Tax Act

Mr. Robert McCubbin (Middlesex West): I should like to say a word while we are discussing the amendments to the Income Tax Act. There are two points that I should like to mention. One case concerns a father who is able to send a young boy or girl through school to enter a profession or to be a high school teacher. After the child reaches the age of 16 the deduction of $150 is no longer permitted from income tax and the family allowance payments are stopped. If the child is continuing in school, the parent is able to claim $400 per year deduction from income tax. I approve of that very strongly.

However, then we have the case of another boy or girl whose parents are not able to send them on to school in the manner of the first parent I mentioned. In this case the boy or girl struggles to get through school, then takes a six weeks' course at Toronto and spends one year as a teacher. Then, this young person may return to normal school and endeavour, by means of summer courses, to improve his situation until he eventually gets his B.A. and becomes a high school teacher. My feeling is that such a young man or young woman should be able to claim the tuition fees and the amount spent for books for these summer courses as a deduction from income tax.

My own feeling is that boy or girl is endeavouring to improve his or her situation and improve the standards of the profession which he or she decides upon. The income tax department will receive more in taxes because that boy or girl made that improvement, and consequently receives higher wages.

There is another class to which I shall refer, and with respect to whom I should like to see a clarification of the act. I refer to the young farm boy who stays on the farm. This young boy has completed perhaps two or three years of high school, and returns to the farm at 15 or 16 years of age. The family allowance payments are stopped and the father is not able to claim any reduction from his income tax because the boy no longer attends school. The father enters into an agreement with the boy, verbally I will admit, by means of which the boy agrees to stay on the farm without wages until such time as he is ready to be married when the father will supply him with a farm.

When the farm is passed over to the boy at the age of 26 or 27, the income tax department steps in and says, "You have received $10,000 in this year and you must pay income tax on the amount." Now, that is unfair to this young man. He has worked for some 10 or 12 years without wages in order that he may receive the farm, and to be taxed on that amount in one year is unfair. The boy would have no objection to having the amount spread over the period when he was working on the farm, and he is quite willing to pay income tax on that. It is unfair when he works all those years without wages and then when he receives the farm in lieu of wages to be faced with all that tax in one year. I should like the Minister of Finance to endeavour to clarify that in the interests of these young farm boys.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Insurance proceeds expended.*

Mr. Macdonnell: I was hoping the minister might say something perhaps at this stage about the question of the intricacy of this legislation.

Mr. Abbott: I had planned to do that as soon as we got into committee. It is quite true that the Income Tax Act is complex. It always has been, and as a matter of fact it perhaps becomes a little more complex each year. The reason for that, as I have had occasion to say several times, is an endeavour to introduce various relief provisions into the act. It is found from experience that certain exemptions are desirable, certain special cases need to be taken care of, and provision is made in the law for them. You will find a number of examples of that in the bill which is now before the committee. A great many of these are rather minor in character, but they are of a relief nature. Some of them have been suggested by members of parliament, some by the bar association, some by accountants associations, and so on.

There are three acts referred to here, it is true. You have the principal act and that is the, with a small "t", Income Tax Act. The Income War Tax Act must continue in force as long as there are taxes to which it applies. The other is The, with a capital "T", Income Tax Act, and that is really a transitional measure that operated from the period 1949 to 1952. I repeat that the reason for the apparent complexity of this statute is a genuine desire to ensure that the charging provisions are as fairly and equitably applied as possible.

The simplest kind of income tax act would be just to put a flat rate or a progressive rate of tax on people's income, without any exemptions or deductions, but that would be manifestly unfair. The complexity is due almost entirely to the deductions, the exemptions, the relief provisions, the exceptions and so on. I should like to say that it will become simpler in future years but I just do not believe it will.

Mr. Macdonnell: I suppose there are also, in addition to the relief sections, the sections that work in the opposite direction.

Mr. Abbott: The ones to which I euphemistically refer as the loophole sections.

Mr. Nowlan: I wanted to say that one quite realizes the complexity of this act. I am sure we can also sympathize with the minister when he says it is very complex, although possibly we recognize the fact he is using a euphemistic expression when he states that all these amendments are for the relief of the poor taxpayer.

Mr. Abbott: Not all; I said the great majority.

Mr. Nowlan: I have glanced rather quickly over the bill, and I think that although the minister may say the great majority are minor and probably the great majority are for relief, yet there are about 50 amendments to the various clauses and subsections of these various acts. It does seem to me that a bill that is as complex as that should not be delayed until May 31 before receiving first reading and having the bill distributed to the members of this house. There are quite a few competent accountants in this house, and I would say we have some lawyers who have tried to earn a living by interpreting this and similar acts. I am quite sure if any one of them had taken this bill when it first came into the house and spent all the available time, except for meal hours, they would just about now have been able to arrive at some intelligent approximation of what all these sections mean. Because, when you read one clause you find that it says, perhaps, "save and except for subsection 2 of paragraph (w) of clause 4 of section 97"—and when you go there you find that you end up with everything except the Acts of the Apostles and the beatitudes—and anything else that can be thrown in, just for good measure.

The minister brings in his bill at this time. Of course we accept his statement, because he is always so frank with the house, and so good-natured. He just smiles and says, "This is all right". Sometimes I think he has been impressed by one of his parliamentary predecessors who at one time is supposed to have said, "Hold the legislation back until the hot weather comes along, and it will drive the boys home." Well, we have not had any hot weather, but time is getting on. I am simply saying that I do think a bill like this could have been brought in earlier in the session, so that those who have had some experience in dealing with these matters could have done something about it.

Some of us will be receiving briefs from tax foundations; we will be receiving protests about this section or that section. I do not think this is the best way of dealing with it. And when we complain about something next year we are told, "Oh well, it was before you and you did not deal with it." And we certainly did not, for the very simple reason that, frankly, we did not understand it, and did not have time to have an appreciation of it.

While I am on my feet let me say this, that the minister referred to the fact that we are maintaining the title of the Income War Tax Act.

Mr. Abbott: That is a special statute.

Mr. Nowlan: He said it is being done because of some of the old cases. When the minister replies later in the committee I would ask him to consider something which has just come to my attention. I have here a letter from a widow whose son worked for a short time in 1947, and who subsequently was drowned. He had served in the air force and had been badly wounded. She went through his papers this year, because she had dreaded the thought of looking at them before. Included among those papers she found a T-4 slip for $40. She took the matter up with the department and was told, "Our records do not go back to 1947; therefore we cannot deal with this deduction."

I submit that if you or I were in arrears in 1947 the department would very soon find some way of checking those records and dealing with the matter. Or, as the hon. member for Calgary North points out to me, we do know that in dealing with the farmers they go back to the early forties and even to the thirties. I admit that that is not connected with their records, but that it is a matter of investigation. Arbitrary action, such as I have described in the case of this widow, is hard for the taxpayers to believe. I say that the department at least should go into its files and see if it can find a duplicate of that T-4 slip. If there should be a deduction, then the widow is entitled to it, and she should not be told, "We do not keep records going back that far." Frankly, I do not believe it. I say it is an arbitrary statement which should not have been made and, personally, I think the position is worthy of more consideration.

Mr. Abbott: I wish to say first of all that there has been no intention of holding back the passage of this bill. It has been ready for some time, but there have been other matters engaging the attention of the house. No one would have been better pleased than the Minister of Finance if the budget resolutions could have been disposed of some weeks ago,

and the bills introduced. But each measure must take its turn, and this one has been brought in as quickly as possible.

My hon. friend does himself less than justice when he says that he cannot understand the provisions of this measure. With some knowledge of his years as a member of the bar I am sure that a couple of hours of reading of this bill, with the explanatory notes, would have informed him fully on the subject.

Mr. Nowlan: That is flattering.

Mr. Knowles: He might do better if he did not read the explanatory notes.

Mr. Macdonnell: I can assure the minister that whatever may be true of my colleague who has just spoken, a couple of hours was not enough for me. And now that my colleague has raised this point I would like to underline it to the best of my ability, because after all this bill has complications of its own, and it is more difficult by far to understand than any other legislation.

Mr. Abbott: That is true in every jurisdiction.

Mr. Macdonnell: I would like to have taken more time, but the leader of the house has been fair in dealing with us. And when it was put up to us that he wanted to have the legislation completed—and I do not know if he will accomplish it by Wednesday night—we felt we had to co-operate. But what my colleague from Digby-Annapolis-Kings has said about trying to do justice to this bill over a week end is as true as it can be.

I do appeal to the minister and to the leader of the house to let us have this very complicated measure a good deal earlier, because one does face the real danger of having someone say to him, "Well, you were pretty stupid; you did not understand what you were doing when you passed that bill." And it is not pleasant to listen to that kind of criticism.

Mr. Harkness: I take it that clause 1 is not one of the relieving sections to which the minister has referred.

Mr. Abbott: It clarifies the existing section.

Mr. Harkness: This one does not relieve; it makes it possible to collect more income tax, so far as I can see.

Mr. Abbott: Oh no.

Mr. Harkness: Let us say that a farmer has one of his barns burned down, and uses the proceeds of the insurance to repair his barn within a year's time. My understanding is that that is looked upon as income—and I am referring to the money he received from the insurance company.

[Mr. Abbott.]

Mr. Abbott: But as an expense he can charge off the cost of repairs.

Mr. Harkness: And he is charged income tax on it.

Mr. Abbott: No; it is a complete offset.

Mr. Harkness: I notice that the paragraph says:

...within a reasonable time after the damage, on repairing the damage.

What does that mean? What is a reasonable time? If a farmer builds an implement shed three years later, is he going to be assessed on the cost of that because it came out of the insurance money he received three years before?

Mr. Abbott: When the proceeds of fire insurance are received they must be treated as a "disposition" of assets, and they are deducted from the asset account. If they are used in their entirety to replace the building, then there is a complete offset. Let us say that $5,000 insurance money was received. That amount is taken into income account. The $5,000 expended for repairing the building is an expense, so that there is no income tax payable. One amount offsets the other. But if the $5,000 is received and only $3,000 is spent, there will be a recapture to the extent of $2,000.

With due respect to the hon. member for Digby-Annapolis-Kings, this section is merely putting in clear form what has been the recognized and existing practice in the department.

Mr. Harkness: What is the "reasonable time" to which reference is made in clause 1(1)(ii)?

Mr. Abbott: Well, that would depend upon the extent of the repairs. If they are extensive it would be spread over a considerable period of time. On the other hand, if the repairs are minor they would have to be done within a shorter time. What is a "reasonable time" is a question of fact.

Mr. Harkness: It is evident that the time must be more than a year because subparagraph (i) contains the expression "within the year" whereas subparagraph (ii) contains the expression "within a reasonable time after the damage". So that it is some time after a year. Does it mean any indefinite number of years?

Mr. Abbott: It might run over one fiscal period into the next, depending on the loss.

Mr. Macdonnell: What is the principle behind this? In one way it looks as if the

minister is taxing capital gains. Is it because of the concession in respect of the premiums?

Mr. Abbott: My hon. friend has put his finger on it. The premiums are allowed as an expense.

Mr. Macdonnell: But not able to relate the amounts involved.

Mr. Abbott: No.

Mr. Monteith: I have a question for the minister. Suppose a policy for $5,000, for argument's sake, becomes payable in one year. At the end of the year $2,500 has been spent on repairs, and the other $2,500 is to be spent in the following year. Does the $2,500 excess insurance become taxable income in the first year and the other $2,500 expenses in the second year or do both years work together?

Mr. Abbott: I am advised they would be matched up. That is where reasonable time comes in. In the example which my hon. friend gave $2,500 would be matched up against repairs in the first fiscal period and the next $2,500 would be matched up to the extent of repairs of $2,500 in that period. It would be carried over.

Mr. Monteith: The excess $2,500 would be allowed as a reserve and not taxable at the end of the first year?

Mr. Abbott: That would be the practical effect of it, yes.

Clause agreed to.

On clause 2—*Compound interest.*

Mr. Knowles: Mr. Chairman, spread through clause 2 of the bill are a number of subclauses that deal with the question of the amount allowed as deductible with respect to payments into a pension fund. I gather that the figure of $900 is being raised to $1,500 in respect of the amount that an employee pays in, and also in respect of the matching amount that an employer might pay in; I gather also that the amount that one may pay or that an employer can pay in respect of service prior to the time when one became a contributor is being increased to the same figure of $1,500 per year. As the minister probably knows, when we were on the resolution dealing with this matter we put a question to the parliamentary assistant several times, which naturally he was not in a position to answer because of his position as a parliamentary assistant. I wonder whether the minister can come through now and tell us who asked for this change?

Mr. Abbott: We had a great many representations on this. I cannot recall offhand who in particular asked for it, but it is an amendment which has my complete support. I believe in a steeply progressive income tax, and I support the principle that a deduction may be made in the case of approved pension plans of the contributions made by the employer and the employee. The figure of $900 was established some years ago prior to what we all recognize as being a very substantial rise in the general level of prices. If $900 was fair 5 years or 10 years ago, then a somewhat higher figure is fair today. Let me say this at once. I believe that we should be as fair to people of moderate or high income as we are to people of low income. The basis of our Income Tax Act is, as I say, a steeply progressive tax where your high bracket income taxpayer pays a very substantial portion of his income back in the form of taxes, and I support that. But I see no reason why one should not be equally fair in a tax provision to that class of taxpayer as any other.

Mr. Knowles: Mr. Chairman, I remember when the $900 figure was written into the statute, and as I recall I made no objection to it at the time. But it did seem to me it was a pretty generous provision to make, bearing in mind the amount of pension that one can buy if he is in a position to pay $900 into a fund, and if that $900 can be matched by $900 from the employer. Everyone knows the provisions of the pension plan to which members of parliament contribute. We are paying in only $240 a year, and if we are here long enough it is possible, on the basis of that amount per year, plus the money which is put in by the government and the interest put into the fund, for a member of parliament to obtain a pension of $3,000 a year.

When you start to talk about contributions of $900 a year, matched by another $900, you can readily see, without bothering to go into the kind of figures I gave earlier, that you are talking about a much higher pension. My point is that the $900 ceiling was higher than it needed to be in 1946. It may be that we should have objected to it then so that we would not have this argument thrown at us now. But that being the case, I certainly do not think it is necessary to raise this ceiling to $1,500.

As the hon. member for St. Paul's has pointed out, it is possible in some instances for a total amount of $6,000 in the course of a year to be made income tax deductible in the case of one person. That would be $3,000

from the employee and $3,000 from the employer. The kind of employees I know best are not making enough that that kind of money could be deducted in the course of a year for pension purposes. But the point is, as the hon. member for St. Paul's pointed out, that anyone whose pension contributions are of that size is up in an income tax bracket where there is quite a substantial saving because of the percentage that applies to his top increment of income. It does seem to me that this is going a little too high, bearing in mind, as I say, the fact that $900 is being changed to $1,500 in four places.

I think there are some flaws which the minister might point out in the argument put forward by the hon. member for St. Paul's. But generally I agree with the position the hon. member took that we should be extending this provision on a horizontal basis, taking in more people, rather than extending it on a vertical basis as the minister is doing in this provision of this bill. I still wish he could be more specific as to who asked for this change.

Mr. Nicholson: Before the clause carries I want to support what my colleague, the hon. member for Winnipeg North Centre, has said. This is a provision that is pretty difficult for us to justify with a serious face. We were trying to get some information from the parliamentary assistant as to how much this was going to cost taxpayers. The parliamentary assistant was not able to answer that question. While the total probably is not large, it is going to give assistance to people who are in very high income brackets and who in my opinion do not need assistance. I wonder whether the minister can now give us some estimate as to how much this proposed change is going to cost the treasury of the country.

Mr. Abbott: I am informed it is really almost impossible to give an accurate estimate of what this will cost. It would not be substantial, of course, because my hon. friend is quite right. There is a relatively small number of people who would be benefited by the amendment. It is only the people who have the somewhat larger incomes, and therefore would be able to pay in the larger amount. But, as I say, I can see no difference in principle between giving that kind of man fair treatment and giving it to the larger mass who have not that size of an income.

Mr. Knowles: It is a question of what is fair. We think this goes too far.

Mr. Abbott: My hon. friend may argue that it was not fair in the first place. But, as he himself said, he did not protest it at that time.

[Mr. Knowles.]

Mr. Michener: I have not any quarrel with the clause in so far as it deals with employees except, as has been said, it seems to be giving relief upwards instead of horizontally, as I have argued for. This would be the appropriate place for an amendment, Mr. Chairman. I am saying simply as to that that there is not a very difficult technical problem involved in making the change which I have suggested. If the minister would accept the idea, it might be dealt with in general terms and left for regulation because it seems to me it is largely a mechanical problem in the department to determine proportionately what sort of savings a small businessman or a man who is self-employed, professional and other groups that I call self-employed, should be allowed to make which would be equivalent to an approved pension fund that their fellows in the employed class are making. I appreciate there is probably an administrative problem there, but it does not seem to me at all insuperable and I do urge that the effort be made.

I have an amendment here, Mr. Chairman, which I am not going to move now but I would submit it for the consideration of the minister. If the minister has made up his mind that this is something which cannot be dealt with now I certainly would not wish to urge it upon him for immediate decision because I know that there are difficulties involved. My suggested amendment deals with subsection 5 of section 2 of the bill. It amends sections in the act which now deal with employees. The addition which I suggest would deal with the taxpayer generally and the whole section would read:

"The following amounts may be deducted in computing the income tax of a taxpayer for the taxation year.

(i) The amount contributed by a taxpayer under an approved superannuation fund or plan . . .

(iii) Not exceeding $3,000 paid in the year by a self-employed taxpayer for or on account of the purchase for himself of an approved retirement annuity or pension as defined by the regulations."

If that phraseology were not broad enough it might be extended to include superannuation fund or plan, or approved annuity or pension plan, and then would follow the suggested third paragraph set out above.

The $3,000 I suggest as being a comparable figure because an employed person has a possibility of saving $3,000 which will not be taxed. The $1,500 of salary he receives and the $1,500 the employer contributes are all part of the man's salary because no employer would contribute to a pension fund an amount which his employee is not earning.

I am aware this would not solve the problem entirely but it leaves it open if the minister is so disposed to tackle it and it would perhaps assist him in working out a solution.

Mr. Abbott: Mr. Chairman, this is a problem with which, as some hon. members know, I have been struggling for seven or eight years, and it is not really as simple as my hon. friend from St. Paul's would perhaps like us to think. There are mechanical difficulties, it is true, as he has pointed out, but for me that has not been the main problem.

The main problem has been how to assure fairness for all taxpayers in the country in connection with this sort of thing. We all have different ideas as to how we should make provision for our later years. Some do it by buying annuities; some work for employers who have pension plans; some buy government bonds, some prefer to invest in equities; and some like to leave their money in the bank.

In principle it might be argued that every Canadian should be entitled, if you will, to have a deduction from his current earnings with respect to savings which he makes in order to provide for his old age. But, as I have pointed out on another occasion, and my hon. friend referred to it today, under certain kinds of savings he is free to use that money for the purchase of a new automobile tomorrow if he changes his mind, or use it to buy a house, or any one of a variety of things.

What the hon. member refers to as mechanical difficulties are mostly the difficulties inherent in working out a plan which would be fair to all Canadian taxpayers. It is not nearly so bad for the man who buys an annuity as is sometimes made out. When the annuity comes due he is taxed only on the interest contained in the annuity. In the case of the approved pension plan he is taxed on the full proceeds. One of the reasons why we made this higher than $900 was, in a sense, to eliminate double taxation.

I can honestly say that nothing would please me more than to be able to find a way of providing this kind of benefit for a self-employed person. I was myself a self-employed person and a practising lawyer, in the same manner as the hon. member for St. Paul's, and I have had representations from colleagues at the bar, from members of the medical profession and others to the effect that something of this sort ought to be done. But it is not quite so simple, and that is illustrated by the fact that even in the United States they have not been able to find a method of providing a pension deduction for the self-employed.

Mr. Macdonnell: Is there any taxation system where they have been able to do so?

Mr. Abbott: I do not know of any, Mr. Chairman. I understand there has been a royal commission set up in the United Kingdom to consider this point and I do not know whether their report is final, but so far as I am aware I know of no jurisdiction, with a modern income tax system such as ours, where they have been able to find a solution to this problem. I am sorry to say I have not been able to do better than my colleagues in some other countries, but we have not been able to work out a suitable plan.

Mr. Macdonnell: Would the minister say a word on section 2, subsection (3c), at the top of page 3 of the bill?

Mr. Abbott: I think the explanatory note explains it pretty well, Mr. Chairman. This was brought to our attention in the first instance by, I think, the superintendent of the high schools for Ottawa. As the explanatory note points out, it enables teachers who leave their employment and relinquish their pension rights to come back in again and re-establish their pension position if they so desire.

Mr. Macdonnell: But that is still not very clear. The phrase I referred to reads "employed by Her Majesty". Does that refer to the public service? It does not seem at first blush to agree with the explanatory note.

Mr. Abbott: It is to take care of those employed by a province as well as others, that is to say, "a person whose taxable income for the year is exempt by virtue of section 62". I am informed that does not apply to Her Majesty, but it does apply to a municipality or school board. Some teachers are provincially employed. I am not an expert on school teachers or their problems and I had to consult with my technical staff to make sure we are giving the teachers the benefit we are trying to give them.

Mr. Pearkes: Does that apply to colleges?

Mr. Abbott: I would think it was quite broad enough to cover them.

Mr. Macdonnell: I am sorry but I am still not as clear as I would like to be and as, I am sure, the minister would like me to be. I still do not understand how Her Majesty comes to be featured in this.

Mr. Abbott: I am informed that because some teachers are employed by the provinces and some by local school boards and municipalities that this refers to a person whose taxable income is exempt by virtue

of section 62. I am learning all the time. I am told normal college teachers are usually provincial government employees.

Mr. Monteith: Would it apply to private school teachers?

Mr. Abbott: No.

Mr. Nowlan: What about a definition of teacher? It is obvious it would apply to a normal college, but suppose it were a provincial university, as for example the University of New Brunswick. Now, would the staff there, employed by Her Majesty, be considered teachers or professors?

Mr. Abbott: I am informed that they would be covered by section 62 which is referred to here, if they were in an approved pension plan. There have to be the two requirements. They must be members of an approved pension plan and either be employed by Her Majesty or be employed by one of the bodies which are entitled to avail themselves of section 62.

The Chairman: Shall clause 2 carry?

Mr. Monteith: Mr. Chairman, I have one or two questions to ask on clause 2 but I see that it is six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Order. When the committee rose at six o'clock we were discussing clause 2. Shall the clause carry?

Mr. Monteith: Mr. Chairman, I think we were discussing paragraph (3c) under subclause 6, I presume it is. I have a couple of other questions having to do with the treatment of teachers. The explanation is to the effect that the new paragraph (3c) relates to teachers who at one time were members of an approved pension plan but upon leaving that particular employment withdrew their contributions. I am wondering whether their contributions at the time they withdrew them were taxable in their hands under the act as it now stands.

Mr. Abbott: I would think so, yes. I would think the answer is in the affirmative.

Mr. Monteith: With respect to paragraph (3a) of subclause 6, would the minister explain that paragraph, or whatever he wants to call it, which has to do with a contract being entered into for receiving so much money on the promise to repay an increased amount.

Mr. Abbott: It is section (3a), subsection (b). Is that the section my hon. friend is asking about? What is the information he requires? The section seems reasonably clear. What point is he in doubt about?

Mr. Monteith: I am sorry, but it is not entirely clear to me. As I understand it, it has to do with the case where somebody borrows a certain amount of money and undertakes to pay back so much more.

Mr. Abbott: Where bonds are sold at discount, for instance. That is a fairly common practice.

Mr. Monteith: I understand that. I was applying it to another type of case where in certain deals the payment of a premium is promised. It is the same thing as selling bonds at discount, but the interest allowed is on the amount that is promised to be repaid. Is that it?

Mr. Abbott: That is correct.

Mr. Macdonnell: I am still bothered about the clause at the top of page 3 of the bill which we were dealing with just before we recessed. I have two questions. The minister suggested that my difficulty with respect to whether this was limited to government employees was answered by the "or" after the words "Her Majesty" but I wonder whether that is really so unless the minister suggests that the use of the word "or" followed by "a person" etc., opens the thing up wide. My second question is this. I have not been able to find section 62, subparagraph (ii) of paragraph (i) of subsection 1. As I understand it, the act to which we are referred is chapter 148 of the Revised Statutes of Canada, 1952. I have that here, and unless I have overlooked something that is not it. If you will look at section 62 you will find that paragraph (i) of subparagraph (ii) does not fit in with that. In other words, I am not able to find the words "while he was not a contributor" and I am not able to tie it in at all. I have also tried chapter 40 of the statutes of 1952-53, but it does not seem to fit in with that either.

Mr. Abbott: I will check that. Perhaps we might let that stand and I will have the reference checked. It is a question of whether or not the reference is accurate. The section relates to municipalities or school boards which are exempt the same as charitable organizations, but I will see that the cross-reference is checked.

Mrs. Fairclough: With reference to subclause 4 of clause 2, I understand that if, under the $900 maximum, the taxpayer had

contributions in excess of the $900 he was permitted to carry forward the excess to become deductible in the following year. Is the carry-over provision to be permitted now that the maximum has been increased to $1,500?

Mr. Abbott: Yes, that still obtains.

Mr. Monteith: With respect to subclause 9, I wonder why the minister feels that meals should not be allowed as travelling expenses. Apparently it is still going to be permissible to charge your car expenses if you have to go out of town on business for a day but you cannot charge the cost of your meals unless you are out of town and away from your own area for more than twelve hours.

Mr. Abbott: That is correct. A certain situation has developed whereby, for instance, delivery people, men who are delivering milk or other commodities of that sort, can avail themselves of the language of the section as it now stands and charge the cost of their lunch as an expense. That is not available to ordinary employees who are operating in the area in which they live. It is only intended that these expenses should be deductible as an expense from income if the employee is away from his normal place of business and is really in travel status.

Mr. Monteith: I can understand the minister's predicament in this respect.

Mr. Abbott: He is not in a predicament at all.

Mr. Monteith: I think he is just trying to straighten out an angle of the act.

Mr. Abbott: That is right.

Mr. Monteith: I can quite understand that, but I think that in turn it is only going to impose a very heavy penalty on certain other taxpayers. I can name many hundreds in certain classes who are now going to be penalized because of this provision. I quite see the point but I am wondering whether some other method of getting around it could not be arrived at.

Mr. Abbott: That is a matter of opinion. I think my hon. friend would agree that the man who has his lunch downtown should not be able to deduct the expense of that lunch from his income.

Mr. Monteith: I am not suggesting that. What I am suggesting is that if a man travels fifty miles from here for a day's work—

Mr. Abbott: He is in the clear. He can deduct his expenses. He has got to be away twelve hours.

Mr. Murphy (Lambton West): Suppose he only goes fifteen miles, like a milkman?

Mr. Monteith: The way the explanation reads, if he is not away for more than twelve hours he cannot deduct.

Mr. Abbott: That is correct.

Mr. Monteith: No matter how far he may travel.

Mr. Abbott: That is right.

Mr. Monteith: Then I claim this is imposing a hardship on that particular type of taxpayer.

Mr. Abbott: That is a matter of opinion.

Mr. Macdonnell: I think it is a matter of some substance. There must be a large number of such cases. Let us take a very simple one, a man who goes from Toronto to Oshawa, spends the day there and has his lunch. It seems to me just contrary to common sense to say that is not an expense that he has incurred. As a matter of fact you are inviting him—

Mr. Abbott: Why should he be better off than the man who comes downtown from his house in Rosedale to Bay street, and buys his lunch there in the middle of the day? Why should he be able to deduct the cost of his lunch when the stock salesman who comes down from Rosedale to Bay street and buys his lunch cannot do it?

Mrs. Fairclough: As the minister knows it has been the practice in offices that send employees out of town to do specific jobs to pay their expenses for the day. Does the minister mean that in the future those who are conducting professional activities should say to their employees, "Now, we will pay your train fare to Toronto or your plane fare to Ottawa, but when it comes to lunch you are on your own?"

Mr. Abbott: There is nothing to prevent the employer from paying for his employee's lunch.

Mrs. Fairclough: And charging it up as an expense of doing business?

Mr. Abbott: Precisely; the employee cannot deduct it.

Mrs. Fairclough: In other words, the employer may charge these expenses as part of the expense of doing business, but if a man is working on his own, he cannot do it?

Mr. Abbott: If he is working on his own account, and grossing up his income, of course he can. The basic principle is, as my hon. friend knows better than most members, salary and wages by definition are taxable income. There are no deductions allowed

unless a salary or wage earner is in a travel status and is only away for the purpose of his employer's business. The employer may pay the employee's travelling expenses, including his, to use a colloquialism, eats and sleeps. This has been the practice under the Income Tax Act for years. This is a loophole section, which is designed to prevent people who, in fact, are at home every night and who are living at home just the same as the clerk I mentioned a moment ago, from deducting the cost of their lunches under the section as it now stands. It would be a manifest injustice to others who are not entitled to avail themselves of that privilege.

Mr. Murphy (Lambton West): Could we go just one step farther? Take a man, say a milkman, who is selling on commission. He leaves in the morning around four or five o'clock and is not paid wages but is paid so much a quart on what he sells. In what position is that individual with respect to his meals?

Mr. Abbott: He cannot charge up his meals as an expense unless he is away for more than twelve hours.

Mrs. Fairclough: Do I understand, then, from the minister's explanation that this section does not apply to those whose remuneration is gleaned from fees or the like, but would only apply to those who are on straight salary or wages?

Mr. Abbott: My hon. friend knows that the self-employed and professional man or woman can only deduct as expenses the expenses which are wholly and necessarily incurred for the purpose of earning the income. As a result, I cannot deduct the price of my lunch at Bowles restaurant if I am practising law and eat at Bowles restaurant in the middle of the day. If I were practising law, as I used to do, I could go home for lunch, but as it happens I was expected to have my lunch downtown. You cannot charge up, generally speaking, the expenses of your lunch downtown if you prefer to have it there instead of returning home.

Mr. Murphy (Lambton West): Will the minister answer this? Take the case of the same milkman who cannot charge up his meals unless he is away for more than twelve hours. Suppose he has an employee with him and he pays this boy so much a day, I presume in addition to his meals. In what position is this man on commission with respect to that?

Mr. Knowles: Mr. Chairman—

Mr. Abbott: It would apply to the boy too. He would have to pay for his own lunch out of his earnings after taxes, the same as you and I have to do. I have the answer to the hon. member for Greenwood now.

Mr. Knowles: That is what I was going to give the minister.

Mr. Abbott: The explanation, I am informed, is that there really should be a comma after section 62—oh, there is a comma. It is subparagraph (ii) of paragraph (i) of subsection 1, and that is subsection 1 of this section of the act.

Mr. Knowles: The reference is to section 11 of the act.

Mr. Abbott: That is correct.

Mr. Monteith: I should like to know just what the application of that is again—subparagraph (ii)—

Mr. Abbott: Perhaps it could be shortly put this way. It applies to either Her Majesty, and that would be the provincial government, or the whole of section 62.

Mrs. Fairclough: Could I ask the minister, if he has not already answered it, what is the purpose of this subclause 10 on page 3 of the bill? At first glance it rather looks as though it merely sets out what has always been the general practice. What is the change, if any?

Mr. Abbott: I understand that this conforms to existing practice, but we have given depreciation to the owner of an automobile outside of section 20. Section 20 provides for recapture and this is really a supplement to cover the case of automobile depreciation. It has been taken from under section 20.

Mr. McIvor: I was asked this question and I was not able to give a good answer. Railroad men get their expenses when they are away on the road. Supposing a bush worker is living in the city and working in the bush and only gets home on week ends. Why does he not get his expenses?

Mr. Abbott: I suppose the answer is that that is a personal expense in going home to see his family on the week end.

Mr. Macdonnell: The minister answered part of my original question, but he has not yet answered the other question. Is it clear that the teachers referred to are not confined to those in government employment?

Mr. Abbott: Precisely; I tried to make it clear that it is intended to cover teachers whether they are employed by school boards, municipalities or by provincial governments. I hope it is comprehensive. I am assured it is.

Clause agreed to.

On clause 3—*Idem.*

Mr. Monteith: I should like to read this, if I may.

Mr. Abbott: This is just to correct a clerical error.

Mr. Monteith: Yes, I quite agree but it is just a matter of pointing out the appropriateness of the remarks made by the hon. member for Digby-Annapolis-Kings a few minutes ago. This clause reads:

> Where depreciable property of a taxpayer as defined for the purpose of section 20 has been disposed of under such circumstances that subsection (4) of section 20 is applicable to determine, for the purpose of paragraph (a) of subsection (1) of section 11, the capital cost of the property to the person by whom the property was acquired, subsections (2), (5) and (6) are not applicable in respect of the disposition.

Now, all I am trying to point out is that I realize the details are necessary to make all the references applicable, but I think it bears out what the hon. member for Digby-Annapolis-Kings said to the effect we should have had more time on the bill before it came before the committee to study these references.

Clause agreed to.

Clause 4 agreed to.

On clause 5.

Mr. Macdonnell: Could the minister give us an illustration under clause 5?

Mr. Abbott: Well, Mr. Chairman, this is to take care of a case where, when the depreciation account is first set up the property is, let us say, a two-flat property entirely rented. In the course of time the owner decides to occupy one of the flats. Under the rule as it now stands one is obliged to revalue the whole property for depreciation purposes at the time the change in the character of occupation takes place. Now, this new rule will enable a revaluation to be made only of the part which has changed. It is perhaps a loophole section. It could work both ways. It could relieve the taxpayer, or it could prevent his getting any undue advantage.

Mrs. Fairclough: What is the effect of the change in paragraph (g)?

Mr. Abbott: Property which has been sold may include elements for fixed assets, good will, accounts receivable and the like. When those have been apportioned for the purposes of the seller, the same apportionment will apply with respect to the buyer.

Mrs. Fairclough: In cases where the various components of the sale are itemized and valued separately, I take it that—

Mr. Abbott: They would have to be, in any case, as my hon. friend knows.

Mrs. Fairclough: Sometimes in bulk sales they are not. In any event I am thinking of depreciable assets. I take it that the purchaser must set up in his books the assets so acquired at precisely the same amount as set up in the books of the vendor, is that correct?

Mr. Abbott: That is right, yes.

Clause agreed to.

On clause 6.

Mr. Monteith: I notice that the change is made with respect to an iron lung. I think what I have to say would be in order, although I am not sure whether I would be out of order in discussing what I shall attempt to discuss. However if I am not in order I will abide by your ruling, Mr. Chairman. This amendment comes under section 27 of the act and has to do with medical expenses. Section 27 (c) states that medical expenses may be deducted to—

> —an amount equal to that portion of medical expenses in excess of 3 per cent of the taxpayer's income for the year paid either by the taxpayer or his legal representatives
>
> (i) within a period of 12 months ending in the year and not included in the calculation of a deduction for medical expenses under this act for a previous year, or
>
> (ii) in the event of the death of the taxpayer, within a period of 12 months commencing in the year and not included in the calculation of a deduction for medical expenses under this act for a previous year.

What I am getting at is this, that under paragraph (c) medical expenses paid within a 12 months' period ending in the taxation year may be deducted. That really in my estimation bonuses the person who does not pay his medical expenses when they are due. He can save up medical expenses for three years, and get a reduction of 3 per cent in that one year; whereas if he applied it in each year, as he should and paid when due, he would be getting the full deduction. In my estimation it is not equitable, and I think something should be done about it.

Mr. Abbott: This was changed some years ago. It was represented to me that people found great difficulty in paying heavy medical expenses within the year in which they were incurred.

Mr. Knowles: Hear, hear.

Mr. Abbott: We amended the law to enable them to accumulate those expenses. We cannot have it both ways. My hon. friend may be right, but I do not think what we are doing is unfair. Fortunately these exceptional medical expenses are not incurred every year. They are exceptional;

and under the philosophy, with which my hon. friend from Winnipeg North Centre does not agree, the exemption permitted here is to provide for unusual medical expenses which hit a person and are really beyond what ordinarily would be expected in a normal year. It was as a result of widespread representations that we took out the old test of being incurred within the taxation period.

Mr. Monteith: The minister may be right. I shall not follow the point further.

An hon. Member: You had better not.

Mr. Monteith: Why not? Under section 27 (d) there is a deduction of $500 if the taxpayer—

—was totally blind at any time in the year or was, throughout the whole of the year, necessarily—

The Chairman: Order. I allowed the hon. member some leeway with respect to the other matter. However, I do not believe he should discuss paragraph (d).

Mr. Monteith: All right, Mr. Chairman. I was wondering, myself, whether I was in order.

Clause agreed to.

On clause 7—*"Control period".*

Mr. Macdonnell: Would the minister give us an illustration of the operation under clause 7.

Mr. Abbott: This, again, is a relieving clause. It relates to designated surplus, as my hon. friend knows. Cases were brought to my attention where a dividend was paid during the course of a fiscal year in anticipation of the fact that earnings would be sufficient in that year to provide for the payment of that dividend. But under the law as it stands that dividend could not qualify, and was taxable. That was not the real intention of the act. There were some cases where it was possible that some hardship might be the result. This is a relieving clause.

Clause agreed to.

On clause 8—*Where income from business or partnership and employment.*

Mr. Macdonnell: Would the minister give an illustration?

Mr. Abbott: This, again, is a relieving clause. We have had examples where an individual was a person in a partnership which was dissolved during the course of the year, and he then went into employment. A case might arise where he might be assessed on, let us say, as much as 18 months' income in one fiscal period. This is to enable apportionment and to relieve that hardship.

[Mr. Abbott.]

Clause agreed to.

Clause 9 agreed to.

On clause 10—*Rents or trust income from farming or fishing.*

Mr. Macdonnell: This, I understand, is an averaging clause for farmers. It seems to me it has caused a great deal of injustice. I am not yet clear where the legislation stands. I have here a copy of the Nielsen case of a year or two ago. At that time, due to the wording of the section, apparently a farmer who had been late by even as little as a day in any of his filings was not eligible for the averaging privilege. That happened in the Nielsen case. This case approves the judgment of the court lower down. It seems to me that at that time there was the greatest possible injustice.

There has been some amelioration of the situation since that time, and I wonder if the minister would tell us what the situation is now. Because, if I understand correctly, it seems to me there is still a good deal of injustice. Surely there is such a thing as fairness, even in taxation. I have run into cases where great hardship has resulted; and it seems to me the result of that is likely to be that people will feel themselves justified in trying to evade taxation. If they feel every attempt is being made to do justice, I think their feeling will be different. I would like to know where we stand on this averaging privilege at the present time.

Mr. Abbott: This is another relieving section. As my hon. friends know, farmers and fishermen have the privilege of averaging their income over a period of five years, and they can carry losses backward and forward. They can carry it back one year, and forward for a further five years.

It has been represented that in this averaging a man might have three or four fairly good years. Then, let us say, in the fifth year he might have a heavy loss of $8,000 or $10,000, which would more than offset the earnings in the preceding years. He could carry that forward. It is true that farmers, being characteristically cautious people, are not overly optimistic. Perhaps he might fear that he really would not get a chance to offset that in future years, and he has asserted that he should be able to offset the loss in the final year against the profits which he has made in the preceding four years. That is what this section is intended to do. I think it is reasonable myself. Of course the same rule would apply to fishermen.

Mr. Macdonnell: I am still a little troubled about this. I cannot find anything in this unless the minister can point out to me the

changes in the wording which override the judgment in the Nielsen case. Let me read briefly from it.

Mr. Abbott: I understand that the difficulty in the Nielsen case was taken care of in the amendment last year. I am assured that is correct. I have forgotten what the Nielsen case was.

Mr. Macdonnell: I wish the minister would point out just exactly what happened because I have the section of last year here, section 16. What troubles me is this. I understand it is still the law that if a man is at all late in the year of his filing, when he seeks to average that he loses the privilege for that year, and thereby loses a year altogether. Second, if there is any year during the period when he has failed to file on time, he loses that also. I want to be satisfied because these are the offending words of this bill. These were the words that were effective in the Nielsen case, and I want the minister to point out just exactly how the difficulty is removed, and also if this is still the case, as I understand it is, that failure to file even by a day may deprive a man of the advantage of taking that year into the calculation. That seems to me eminently unjust, because a man is already penalized for his failure to file. Why should he be penalized further?

Mr. Abbott: My information is that formerly if he was late in filing he lost the benefit for all the preceding years. Now the penalty is only for the year of late filing. I meant to mention that earlier the hon. member for Middlesex West raised two or three points in his remarks on second reading. One related to the position of farmers who might employ their sons and not pay them a regular wage, but later turned over a farm or some corresponding property to them. This is a matter which involves certain questions of principle. I think that under the circumstances he outlined there probably would not be income tax payable but possibly gift tax. But, in any event, that is a question that would have to be studied and I shall see that it is considered when budget matters are under consideration.

The other matter related to deductions for young people taking summer courses. There again, that is a matter of principle that will have to be examined to see whether the existing provisions of the law should be amended to cover it.

Mr. Macdonnell: I still want to be shown where this difficulty is cured in the legislation. I have the section here. I should like to have the effective words read.

Mr. Abbott: Subsection 3 of section 42 says:

An election under subsection (1)—

That is the election to average:

—is a nullity unless the earliest of the "preceding years" is one of the six years immediately prior to the year of averaging.

I appreciate it is a bit complex, but I am told that the result of that would be that you could be late in two years and you thereby drop those two years.

Mr. Macdonnell: Mr. Chairman, I still want to be positively satisfied. Here is this case in which there was held to have been no right to average because they had been late in filing. I want to read the words:

The minister, upon assessing the appellant's income for the year 1949, did not average the appellant's income for the said years . . . The minister's grounds for refusing such election were set forth in the 1949 assessment notice and attached to T-7W form as follows namely: "Due to late filing of 1946-7 returns, you are not eligible for averaging for period from 1946 to 1949 inclusive."

Later in the judgment it says:

If parliament had wanted that the filing of income tax returns by a farmer be sufficient to allow him to ask for the averaging of his income for a taxation year and the four immediately preceding years the words: "As required by this part . . ." "would not appear in section 39(1), which would have read" . . . "and the taxpayer has filed returns of income for the preceding years."

At that time the man was adjudged to have no right. Those words are still in section 42 unaltered, and what the minister has just read does not seem to me to remove the requirement as to the filing, though it may cut down the number of years which he loses, but he still apparently is going to lose it in respect to one or two years. I suggest that that is utterly unfair, and that it should not be left in that shape.

Mr. Abbott: My information from the deputy minister of national revenue, taxation, is that the amendment last year was made following the judgment in the Nielsen case, and the effect of that amendment is that there is a penalty of one year in the event of late filing. Prior to that the benefit with respect to all the preceding years was lost. I would have to get out last year's statute and study it and compare it with this one, but I am taking the assurance which is given me that the effect of the amendment made last year was to narrow the penalty down to the loss of one year. There must be some penalty and there should be some penalty for late filing. It is well-known that the tax returns should be filed, and every other taxpayer pays some penalty for late filing. Late filing in here means that the farmer or the fisherman, as the case may be, would lose the benefit of one year for averaging purposes.

Mr. Monteith: In a case such as this what would happen? Say that in the first year of a five-year period a man was taxable he filed the return on time and paid his tax; the same in the second; the same in the third year, and in the fourth year he lost a few thousand dollars. He knew from the very first of the year that things were bad, cattle prices were down, and one thing and another, and he knew he lost a lot of money. As a consequence he said to himself: "I have not made any money; what is the sense of my filing a return? I do not have to pay a tax. There is no penalty." Then he comes along to the fifth year of his averaging period and he finds out that he got some of that money back. He finally files the fifth year's return on time. Is he then penalized on the year in which he lost money or can he at that time file a return for the fourth year on which he lost $8,000 and was not taxable and still take that year into his averaging profit.

Mr. Abbott: He loses the benefit of that year for averaging purposes, but he can carry it backward or forward.

Mr. Monteith: If he carried it backward or forward what would happen in the long run?

Mr. Abbott: He would of course have to file a subsequent return to establish the loss in the fourth year, but he could carry the loss back or forward.

Mr. Monteith: Which in the long run would have no effect on the five year averaging period?

Mr. Abbott: He would get a benefit of it as long as he had a profit.

Mr. Monteith: Over the five year averaging period?

Mr. Abbott: Yes.

Mrs. Fairclough: Despite the loss?

Mr. Macdonnell: As I understand it there is now a penalty set out in the act for late filing. To me there is no semblance of justice in saying that because a man who perhaps may not be very expert in these matters has not filed on time he has to incur another penalty. That is what the situation was before the Nielsen case. He had to incur another penalty. If it was a stated penalty of $10 or $20 it would not be too bad, but it may run into a very large sum. If this further penalty is imposed it may be that a man, because of this failure to file, may lose the right for one or two years. Does the minister consider there is any justice in that?

[Mr. Abbott.]

Mr. Abbott: This question, Mr. Chairman, was discussed on the amendment last year. If the amendment was inadequate last year then was the time at which my hon. friend should have raised the matter. This privilege is extended only to this class of taxpayer; no other taxpayer gets the privilege of averaging. I think we should have some penalty for people who fail to file a return whether it be a farmer or anyone else. Perhaps the penalty is too great, although I am not expressing any opinion on that now, but I do not think it is correct to say when he fails to file his return that he is a poor ignorant farmer and there should not be any penalty. I just cannot accept that.

Mr. Macdonnell: The minister has not been quite fair to me. I am saying to the minister that if there should be a penalty exacted then very well let us fix it. But this penalty seems to me to have no relationship to anything. It seems to be a vindictive penalty.

Mr. Abbott: I do not think it is a very serious penalty when you can carry the losses back and forth.

Mr. Macdonnell: No, but as I understand it he is still going to lose during that one year and it may be a very important year to him. There perhaps should be a penalty imposed having regard to whatever negligence there is, but not this penalty which seems to me to have no relation to anything reasonable at all.

Clause agreed to.

On clause 11—*Corporations.*

Mr. Monteith: Mr. Chairman, I would just like to say that I think this is a very sound amendment which has made it possible for a great many financial firms to complete their financial statement later than one month following the end of the year and not be penalized.

Mr. Abbott: This amendment was suggested by the Canadian Bar Association and the dominion association of chartered accountants.

Mr. Monteith: And what about the accountants association?

Mr. Abbott: Yes, it was suggested by both the bar association and the association of accountants.

Clause agreed to.

On clause 12—*Effect of carry back of loss.*

Mr. Monteith: Mr. Chairman, just one question on this clause. I realize clauses 12 and 13 are somewhat reciprocal in nature but it has occurred to me that a taxpayer early in the new year and before his instalments

for the previous year are complete may realize, and it is quite logical, that the first five months of the year constitute the best part of that year, but in this particular year they may be bad and he may have realized he is going to have quite a loss. If he stops paying instalments due to the fact that he knows he is going to have a loss which will apply to the previous year's profit he finds that he still has to pay an unpaid balance of tax. I understand that the other clause works out the other way but it has occurred to me that in quite good faith he may think he was not going to be taxable for the losses this year which would apply against the profits for the previous year. In spite of that he may be asked to pay interest, and that does not seem to me to be entirely reasonable.

Mr. Abbott: This only applies to instalments on tax for the profit year and, as my hon. friend has pointed out, it is reciprocal. The principle underlying it is that he has had the use of the money in the case of underpayment of tax and, on the reciprocal provision, if the government collected too much it has had the use of the money.

Mr. Monteith: I quite appreciate that. I do not know what to suggest in this respect, but it seems to me that he is in a position to be quite well aware that he is going to have money kept off him and he will still have to pay interest on the balance. It does not seem quite right.

Clause agreed to.

Mr. Campbell: Mr. Chairman, this amendment extends by three months the period which—

Mr. Abbott: Mr. Chairman, we have already passed clause 12.

Mr. Campbell: Have we passed clause 11?

Mr. Abbott: Yes.

Mr. Campbell: Well, there is just one small question. I was not aware that clause had been passed. In the case of seasonal construction, corporations engaged in that work do not start operations until the middle of May and they do not get any income until the latter part of June. In a case like that could not the provision be extended a little further for such a contractor?

Mr. Abbott: It is pretty difficult to make special rules for special types of business. This general rule is extended to all corporations. It is a relieving provision which was inserted at the recommendation of the association of chartered accountants and the Canadian Bar Association and I would hesitate to go any further at this time.

Clause 13 agreed to.

On clause 14—*Farmers' and fishermen's insurers.*

Mr. Knowles: Mr. Chairman, I believe this clause is the one which gives effect to the amendment the minister had moved to budget resolution No. 6. Can the minister say whether the insurance that makes up the 50 per cent of gross premium income referred to in this clause can include hail insurance provided on farm property?

Mr. Abbott: I understand it can, Mr. Chairman.

Mr. Macdonnell: Mr. Chairman, this is a clause to give effect to the amendment which the minister introduced and, as I understand it, later on we run into the question of the taxation of the reserves of these companies. This has to do with their premium income which is exempt when 50 per cent of their revenue comes in that way.

Mr. Abbott: This adds to section 62. This class of insurer is exempt from taxation whether on their underwriting profits or on their so-called investment income.

Clause agreed to.

On clause 15—*Mutual insurance corporations.*

Mr. Macdonnell: Would the minister say a word about paragraph 3 which, I take it, applies to back taxation on investment income?

Mr. Abbott: That is correct. It is in line with the supreme court decision in the Stanley Mutual case, but it was only, in a sense, by way of *obiter dictum.* It was not necessary for the decision of the case but in this section we have spelled it out and made it quite clear.

Mr. Macdonnell: What is the position with regard to income from the reserves over the past years when they have not been taxed?

Mr. Abbott: They have been taxed but the question was never raised in the Stanley Mutual case and the supreme court assumed they were subject to tax.

Mr. Macdonnell: So this was really a validating measure?

Mr. Abbott: Simply to clarify it and put it beyond peradventure.

Clause agreed to.

Clause 16 agreed to.

On clause 17—*Employer's contribution to trust deductible.*

Mr. Monteith: Mr. Chairman, I understand clause 11 extended the period for estimated instalments on taxation to three months following the present arrangement, and in this amendment it states ". . . within sixty days thereafter . . ." I am just wondering from an accountant's angle whether it was reasonable to suggest the extra three months in one clause and limit it to 60 days in the other. Why not make it 90 days or some other additional time?

Mr. Abbott: As my hon. friend appreciates, this relates to one of these employees profit sharing plans and this was a term which was suggested by the organizations which made these representations. It was submitted to us that it was reasonable to allow 60 days after the end of the fiscal year to ascertain what the profits were and to pay them into the fund and that any amount so paid within that 60 days would be eligible for deduction in the previous fiscal year.

Clause agreed to.

On clause 18—*Where paid-up capital increased.*

Mr. Macdonnell: Will the minister give us an illustration of that clause also?

Mr. Abbott: The explanatory note is about as good an explanation as I can give. It is clarifying and also closes a possible loophole. The explanatory note says this:

> This new subsection provides a rule deeming undistributed income on hand to have been capitalized where a corporation has written up its paid-up capital and not increasing its assets by a like amount, for example, by increasing the par value of its shares. The rule provided is similar to that in the case of stock dividends.

Clause agreed to.

Clauses 19 to 21 inclusive agreed to.

On clause 22—*Reference to "taxation year".*

Mr. Monteith: This clause reads as follows:

> Paragraph (c) of subsection 1 of section 85B is amended by deleting the word "or" at the end of subparagraph (iii) thereof and by adding thereto, immediately after subparagraph (iii) thereof, the following subparagraph:
> "(iiia) periods for which rent or other amounts for the possession or use of chattels other than a ship have been paid in advance, if the payment in respect thereof was made for a period of more than two years, . . .

There are a couple of comments I should like to make. Why differentiate in the case of a ship? And why should it be two years instead of one year?

Mr. Abbott: The ship is already provided for, I am advised, under another section. This was to meet a special case, I may say, to be quite frank. We were informed by a concern on the west coast that in connection with propane gas the containers in which this gas is sold, instead of being sold, were charged for on a rental basis. This was to enable them to get an appropriate deduction for prepayment of rent.

Mr. Monteith: That relates to prepayment. That is what the minister said, was it?

Mr. Abbott: That is right.

Mr. Monteith: I cannot understand why it should be for a period of two years. Why not for one year or one month?

Mr. Abbott: If it was only for one year, I do not think you would bother to put a special section in the act. It is where it is over the normal taxable period.

Mr. Monteith: Does this apply, for instance, in a case of some corporation which owns an apartment house where somebody has paid it rent? That does not come under this section?

Mr. Abbott: No; that is not a chattel.

Clause agreed to.

On clause 23—*Child not previously qualified for family allowance.*

Mrs. Fairclough: If this amendment means what I think it means, I think it is a definite improvement to the act. By this does the minister mean that an immigrant coming into this country may elect not to receive family allowance for his children? Suppose he just had a couple of months coming to him; suppose he came, say, in October and had a couple of months the following year, rather than take the $150 exemption and the family allowance, he could refrain from accepting the family allowance for those two years and take the $400 allowance?

Mr. Abbott: No; he is obliged to accept the family allowance but he has the option of repaying; that is, he has the option of making a gift to the crown. This amendment is the result of representations we had from members on all sides of the house. I think my friend the hon. member for Hamilton West was one of them; in fact I know she was. In effect there is given to the immigrant an option to choose whichever is the more favourable basis for him in the year in which he comes into the country.

Mrs. Fairclough: Whether he receives it or whether he turns it back, it is the same thing, is it not?

Mr. Abbott: This section says, "There shall be added to the tax." As my hon. friend says, it may be that the net result is the same.

Mrs. Fairclough: It is the same thing. I think it is a definite improvement and that it will certainly remove one cause of grievance.

Clause agreed to.

Clauses 24 to 31 inclusive agreed to.

On clause 32.

Mr. Nickle: The purpose of this clause, of course—and which I strongly support, naturally—is to extend for one additional year the terms of subsection 3 of section 53. The only question in my mind is this: Should not a deduction of what are, after all, nothing more nor less than normal operating expenses of the petroleum and gas mining industry be treated as a permanent deduction by eliminating the time period? In other words, should this act not be incorporated into the permanent Income Tax Act, with no limitation as to its time of application? Can we have a comment from the minister?

Mr. Abbott: That is a matter of opinion. The government has never felt that this should be done at the present time, at any rate, As my hon. friend appreciates, it is a form of incentive legislation. We have been continuing it each year from year to year. Perhaps some time it should be made a part of the permanent tax structure but that time has not yet arrived.

Mr. Nickle: I raised the question, Mr. Chairman because I think two of the four items of the so-called incentive legislation can fairly be called incentive subsidies. This particular section does not deal with anything of a nature of what could be called an incentive subsidy. The cost of exploration or development is obviously a normal operating expense of the industry and it is completely unlike a 100 per cent incentive allowance provided by the elimination of the first three years' income from income tax under the law, something which is clearly an incentive subsidy. To get back to my point again, it seems to me to be quite clear that we should continue anything in the nature of an incentive subsidy on a year to year basis, subject to annual review, but that something which is merely a provision for the deduction of what is no more nor less than normal operating expenses should not be subject to a time limit.

Clause agreed to.

Clause 33 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: By leave, shall this bill be read a third time now?

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

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

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, before this bill carries, I should just like to say this: It seems to me to be a little bit unfair that members of this house should have a bill of this size thrown at them and be called upon to consider it in this house with only two days for perusal. For those of us who are interested in the bill it has meant a mad scramble even to read it through, much less to give it the careful study that it requires. I could not help having this point called to my mind when the minister, in reply to the hon. member for Greenwood (Mr. Macdonnell) tonight, made the remark that if he had had any objection to the retention of one of the clauses he should have spoken about it last year. Considering the short space of time that has been given to the members of this house in which to consider this bill, I cannot see where criticism of that type is justified. Before third reading I feel I must protest, on my own behalf and on behalf of other hon. members, against the very short space of time which was given to us to consider this bill.

Mr. J. M. Macdonnell (Greenwood): I want to add a word or two. I want to say that I am very unhappy about the way that the farmers' averaging section was left. I hope the minister will take another look at it in the months ahead.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I want to say again what I said to the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) this afternoon, that no one regrets more than I do that it has not been possible to reach second reading of the income tax bill at an earlier time. The bill has been prepared for at least three weeks now but the house has seen fit to occupy itself with a good deal of other work and it has been brought on just as quickly as it has been possible to do so. It was given first reading, I believe, last week sometime, on Monday or Tuesday. It probably was not available until Wednesday or Thursday, and it is true that is not a great deal of time to examine a complicated bill of this kind. But

I cannot accept responsibility on the part of the government for that. The house has seen fit to occupy itself with other various interesting topics, and we just have not been able to reach this bill. However, the legislation has not been held up by members on the government side of the house.

Motion agreed to and bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 469, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1954, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to make one or two brief remarks on this measure. We have this great asset, the Canadian National Railways, and I think it is the clear duty of the house to vote moneys for capital expenditure. However, as we continue to do so I think it is well for us to remind ourselves occasionally of the increasing investment we have year by year. Therefore I propose to put certain figures on the record taken from a statement prepared by the railway in answer to a question by the hon. member for Temiscouata (Mr. Pouliot) and myself. I will read the total of borrowed capital only as shown in the statement and I will do so in five-year periods.

In 1923 there was a total of $1,406 million, in 1928, $1,609 million, and in 1933, $1,922 million. In that year debt was written off in the amount of $373 million and debt transferred to equity capital amounted to $270 million, leaving $1,301 million. In 1942 the amount had gone up to $1,328 million. In 1947 it had gone down to $1,272 million, and in 1951 the total was $1,472 million. In 1952 there was transferred to equity capital $736 million leaving in that year $833 million. Last year the amount had risen to $931 million.

The reason I put these figures on the record is, as I said, that I think it is wise for us to remind ourselves not only of the investment we have at the present time but of the previous amounts which have been forgiven the railway from time to time. As hon. members know, the return on that amount is negligible, although that is no fault of the railway. It is really in the interests of the railway that I think it worth while to put the figures on the record and worth reminding hon. members of our huge investment because the railway operates under great difficulties. I believe it has capable management but, as we know, it is operating under very great difficulties along with its competitor, the Canadian Pacific. I think it would be wise for us all to bear the situation in our minds, to bear in our minds the various difficulties in competition which confront the railways by reason of other forms of transportation and to bear in mind the difficulties which confront them by reason of rapidly rising costs.

Therefore, Mr. Speaker, while I have no proposal to put before the house and while I repeat, as I said at the outset, that I think these capital grants have to be made, I also think it worth while to remind hon. members of our huge investment, of the almost microscopic return we get on it at the present time, of the reasons for that return and of the need for us all to be on guard and wide awake to the difficulties and interests of this great operation which we own, and to see to it that it gets a fair deal.

Mr. A. E. Robinson (Bruce): Mr. Speaker, before the motion is adopted I should like to make a few remarks. We in Bruce county have been serviced by the Canadian National for a good while. In the early years the railway made a lot of money in that district but now, because of certain methods of management, the trucking industry has taken the business away from the railways. The situation now is that about every second year word goes around that our railroad service is going to be curtailed.

I have nothing against the capital expenditures involved in the bill, but if Canada is expecting the progress that our economists tell us we are going to have I should like to suggest to the minister that he convey to the railway that it would not be wise to think of curtailing service to good municipalities that in the past have paid a lot towards the deficits that the railway incurred and that such service, if not improved, should at least be continued.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to say a very few words. I rise to express the hope that the capital expenditures being provided in this bill will play some part in reversing the trend with respect to employment by the Canadian National Railways. As the house is aware, I have had occasion a number of times during the course of the session to ask the Minister of Transport (Mr. Chevrier) whether he could give any hope that layoffs by the Canadian National Railways might be discontinued. He has expressed that hope

on a number of occasions, but each time he expresses the hope more employees are laid off.

In addition to the information I have obtained from him on the floor of the house and in addition to the information that appears in the press, there is hardly a week goes by that I do not get a letter from Winnipeg telling me of still further lay-offs by the Canadian National Railways, either at the Transcona or Fort Rouge shops or in some other part of the system at Winnipeg. The situation is extremely serious so far as these employees are concerned. There are shops at Transcona where the numbers working have been reduced by half in a period of a few months. So, Mr. Speaker, as I indicated, my purpose in rising at this moment is to express the hope that the capital expenditures foreshadowed by this bill will play some part in putting a stop to these lay-offs, and that they may play some part in helping to put some of these Canadian National employees back to work once again.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Benidickson: At the resolution stage, the hon. member for Greenwood asked the Minister of Finance one or two questions, and he was assured an answer would be brought down at this time. A general understanding of this legislation is facilitated in this house not only because the bill comes up annually but it does get the lively attention of one of our larger committees each year, the railways and shipping committee. This year I think they held about five sittings, and as a result they have a very substantial *Hansard* containing the inquiries that were put to the president of the railway and the large staff that accompanies him to the committee to cover the great variety of questions to which answers are given.

The hon. member for Greenwood the other day asked particularly for a comment upon two points. First of all he made this statement, which appears at page 5392 of *Hansard* for June 2, 1954:

> My understanding is that the $72 million referred to is an amount authorized last year but not expended, and that the intention of the finance department is to have each year a new statement of the amounts actually required for the year.

I think my hon. friend was seeking assurance that we are not departing this year in this annual bill from the practice of previous legislation of this kind, because I found that my hon. friend has probably outlined the basis of this legislation and the practice under it as well as anyone has done when last year he had this to say, which does indeed describe this act of 1954. The hon. member for Greenwood last year said this, as appears at page 4516 of *Hansard* for April 29, 1953:

> My understanding—and I think this is important—is that the policy under the bill is to make a fresh start each year, that is to say, all the unused authorities of past years are washed out and we make a fresh start each year so that there is no overlapping period and no chance of misunderstanding between the national railways and the Department of Finance as to just what are the authority and scope of the Canadian National Railways.

That is true, and I think when the president of the road submitted the capital budget to the railways and shipping committee this year, the summary of financial commitments authorized for 1954 was presented in a form that makes it a little clearer to the members what is involved. For the first time there was clearly set out in columnar form under two headings the 1954 financial authorizations—I am referring to page 1 of the capital budget which is reproduced on page 122 of the minutes of the 1954 sittings of the railways and shipping committee. There was a separation of the projects not heretofore authorized and brought forth for the first time in 1954, and then another column clearly indicating, both in connection with additions and betterments as well as branch line construction and new equipment, items that were projects previously authorized in former financing bills.

Now, the other question that was raised by the hon. member for Greenwood referred to railway policy in the matter of depreciation account. This, of course, is important because hon. members will find opposite section 4 of the bill an item of $19,900,000, which is described as the amount for depreciation accounts for this year's financing, thus reducing the gross capital requirements for the current year from $241,767,198 to a net of $221,867,198 because these moneys set aside in the depreciation account are available for capital expenditures.

As hon. members know, the national road operates certain lines in the United States, and by reason of United States law it is sometimes necessary to have separate accounting practices for the United States operations. To an extent that is true in the matter of the depreciation account. The system of depreciation also differs between equipment and road property. I should like to describe, first of all, the practice with respect to equipment depreciation. Prior to 1940 it was the general practice of the railway to charge operating expenses with the loss of equipment destroyed or worn out in service when the equipment was retired

permanently from service. But effective from 1940 the straight line depreciation on rolling stock and floating equipment was adopted. A similar practice on Canadian National lines in the United States has been in effect for some time because of the regulations of the interstate commerce commission.

Under this method a percentage of the capital cost of the equipment is charged to operating expenses annually throughout the service life of equipment, sufficient to retire the investment loss and salvage value of the worn-out units of equipment. The average service life of railway equipment is approximately 28 years. The average annual depreciation rate is approximately 3·32 per cent of the investment value. Under this system the operating expense account for each year bears a proportionate share of the equipment retirement costs irrespective of the date the equipment is retired. This is the unit method of accounting for equipment retirement and conforms to the general practice followed by class 1 roads of the United States.

In the matter of the depreciation of road property there is a difference between United States and Canadian accounts. In the United States the depreciation for national road property there is at rates approved by the interstate commerce commission for individual roads, which became mandatorily effective on January 1, 1943. The items in each primary account are treated as a group and a composite depreciation rate established. Losses on retirement are charged in their entirety to reserves. The average rate of depreciation is approximately 1·5 per cent per annum on the investment value of the various items of road property.

Now, with respect to the Canadian lines, the loss on retirement of Canadian line road property is charged to operating expenses at the time the units of property are retired from service. This is known as retirement accounting.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Capital expenditures authorized.*

Mr. Knight: I should like to ask the minister about the capital expenditures. I take it this item covers the capital expenditure of building a hotel. I know that in the committee Mr. Gordon mentioned that to us. Is that a fact, and how much is that expenditure?

Mr. Benidickson: As he says, the hon. member for Saskatoon was a member of that committee. Considerable detail concerning hotel capital requirements was given to the committee by Mr. Gordon. The information appears at page 142 of the proceedings of the committee. Quite fortunately, in connection with this bill I am assisted by my colleague the parliamentary assistant to the Minister of Transport, and he is prepared to give information respecting internal details of the railway. My recollection is that capital expenditures set out for hotels were in the neighbourhood of $5 million.

Mr. Knight: Mr. Gordon at that time laid before us plans for the future in regard to office consolidation, whereby various offices would be placed in a building near the hotel. Is there anything allocated for that this year?

Mr. Langlois (Gaspe): It is only in the planning stage so far; no money is provided this year.

Mr. Knight: There was objection in committee to this consolidation because it was felt it would offer a good bombing target. However I think those who took that stand were thinking in terms of previous wars, and forgetting that if a bomb were to land in Montreal there would be nothing left of Montreal, or the hotel, either.

From experience in my own city, I should like to endorse the expenditure of whatever moneys are required for an hotel of that sort. Due to the foresight of Sir Henry Thornton, the Bessborough hotel in my city was built at a time when the position of Canada, from the standpoint of economics, would not have appeared to justify its building. However the building of that hotel has meant a great deal to my city and province, and has offered first-class accommodation to people from all parts of Canada. I believe it can be said that it is one of the most successful hotels in the system.

However at the time it was built there was a feeling that it would be a white elephant. This has not proved to be so, because today it is one of the most profitable hotels in Canada and has added tremendous prestige to the city. If in the opinion of the railway management an hotel, on a greater scale, is necessary for Montreal, then I would support it. Secondly, if it will place the nationally-owned railways, in which we are interested, on a competitive basis with the other railway, which draws its capital from private funds, I would be in favour of it.

Further, if it will offer a considerable amount of employment it would be worth while, and the expenditure would be justified.

Mr. Thatcher: Mr. Chairman, I approve of most of the proposed capital expenditures in this bill, but I regret I cannot agree with my colleague from Saskatoon, and perhaps

most other hon. members in the house, as to the desirability of building the hotel in Montreal. In the debate on the budget I expressed my opposition to the construction of this hotel, and I should like to reiterate that opposition tonight. As I recall, president Donald Gordon of the Canadian National Railways said that the building in Montreal was to be a luxury hotel which would accommodate 2,500 people at banquets and 4,000 people at conventions. It may be that in many respects such a building would be desirable. I agree with my colleague from Saskatoon that it would provide employment and might attract tourists. If the hotel were going to be built out of revenue, I would support the expenditure. But when one looks at section 9(2) it becomes clear that in all probability the taxpayers will ultimately have to pay for this luxury hotel. While the parliamentary assistant said the amount is only $5 million this year, eventually it will be $20 million.

I believe it was two years ago when parliament agreed to a reorganization of the capital stock of the Canadian National Railways. At that time we were told that if a billion odd dollars were changed from bonds into non-interest-bearing stock, the profit and loss position of the C.N.R. in future would be a good deal better. Actually since that time it has been better. In 1952 we made a profit of $142,000 and last year a profit of $244,000. Moreover President Gordon told the railways committee that this year probably the C.N.R. would have a substantial deficit.

I cannot believe it is sound business practice for any company to indulge in luxury expenditures at a time when it is operating at a heavy deficit. It seems to me that this is all the more so when hon. members recall that hotel expenditures of the C.N.R. in past years have not been very profitable. One of the best years the system had was in 1952. With an investment of $31,500,000 they were able to show a profit of only $535,000 and that without charging adequate depreciation. So when Mr. Gordon comes before parliament and asks for permission to build another luxury hotel, I am a bit dubious about the wisdom of granting the funds.

Let me repeat that when the C.N.R. comes before parliament and asks for expenditures to build new railways to open up the country, I support them. But I doubt very much whether the building of this luxury hotel is going to help open up the country in any way. I do not think the people in my constituency would be enthusiastic about an expenditure of this kind, nor do I think that the Canadian taxpayer will receive value for his money if the building is proceeded with. I realize that I do not speak for this party, and also that very few members in the house would agree with me. But I did wish to express my opposition to this item.

Mr. Nesbitt: Mr. Chairman, a little over a week ago when we were considering the estimates of the Department of Transport I made reference to a railway crossing east of Woodstock, namely the Creditville crossing. I pointed out on that occasion that it was one of the most dangerous crossings in western Ontario and had been the cause of many accidents, probably more than any other crossing. Two days after I spoke in the house another accident took place at that same crossing, causing serious injury to four persons. I bring this information to the attention of the parliamentary assistant and the minister in the hope that they will take cognizance of it.

Mr. Gillis: I would like to join with the hon. member for Winnipeg North Centre in expressing the hope that the expenditure of money as indicated by this bill might have beneficial effects, so far as the employment of Canadian National Railways workers is concerned, and particularly that it might affect beneficially those who have lost their employment in the last two years. The best barometer in the country indicating that people are thinking in terms of expansion is found in the activity of the railroads.

This budget indicates that the Canadian National Railways, in co-operation with the Department of Transport, are planning ahead for some years. Since I was a member of the committee that examined the accounts of the railways this session, I was put in the position to hear the president of the Canadian National Railways outline his program of expansion and improvements and tell us about the new equipment that they would purchase within the next year or two. It was a very encouraging and optimistic report. I cannot agree with the hon. member for Moose Jaw-Lake Centre. It seems that for a businessman, who had the courage and the optimism to expand his own business from one outlet to four or five in the hardware field, and in addition to that have the courage and the confidence in the country to go into another business, to take the attitude that he takes here toward a proposed expenditure of something around $234 million, all carefully plotted as to the benefit that it may bring to the country, is unrealistic.

He picks out an item of $5 million. That hotel in Montreal is something the president of the Canadian National Railways was talked to very carefully about by members of the committee. There is no doubt about it,

that hotel is needed in Montreal for the purpose for which it is intended. He pointed out, and any hon. member who has had the privilege of attending a national convention in Montreal over the past two or three years will agree, that there is not a hotel in Montreal that is capable of handling the kind of national and international conventions that we are getting today. They have to be divided. The words "luxury hotel" are a misnomer. It is not a luxury hotel; it is a hotel that is going to fill our need in the city of Montreal.

Mr. Gordon pointed out to the committee that the hotel is going to cater to the type of convention in that city that cannot be catered to at present by any hotel that exists there today. In addition to that he informed us that he has requests and applications from international organizations that have conventions in mind, sufficient to fill the space for the next three years. There is no doubt of it paying for itself. The fears of the hon. member for Moose Jaw-Lake Centre that the government is going to have to pay the shot on this hotel in the future are very unrealistic, to say the least. When you examine the contribution that the Canadian National Railways have made across this country you will agree that they are invaluable. You cannot measure it.

The hon. member for Saskatoon rightly said that when the Canadian National Railways built the first chain of hotels across this country many people took the same position as the hon. member for Moose Jaw-Lake Centre is taking at this time. It was an expenditure that could not be justified; it was not needed; it was unrealistic. But in the few short years since those hotels were built they certainly have proved that they were not only an asset to the country and to the system but that they filled a great need during the past several years.

Instead of opposing this expenditure in the committee, practically every member of the committee from one section of the country to the other asked for expansions in hotels that the system is operating at the present time. I know the hotel in Halifax that is operated by the Canadian National Railways is filled to capacity all the time. You could double the size of that hotel in that city at this time and fill it six days a week. The attitude that this hotel is to be a luxury hotel is a complete distortion of the fact. It is needed in Montreal; but it will also do another thing. There is a large unemployment problem across this country today. The building of that hotel, not for the purpose of creating employment, but for the purpose of filling a need, will serve another purpose. It will stimulate the construction industry. It will use steel, and I hope the steel that it will use will be manufactured in Canada. It will stimulate practically every industry across this country, cement, steel—

Mr. Sinclair: Hardware.

Mr. Gillis: And hardware. The hon. member for Moose Jaw-Lake Centre may get a lot of plumbing and the refrigerators. I hope he will.

Mr. Knowles: They will need a lot of fish there, too.

Mr. Gillis: Yes. It will do many things; there is no doubt about that. I suggest to the hon. member for Moose Jaw-Lake Centre that in picking out these little, mediocre items of expenditures such as those he is not being the big person that he is in the business world, in the business that he himself manages.

I just thought I would say these few words because since I was a member of the committee the attitude taken by the hon. member kind of lets me and the hon. member for Saskatoon down. When we are placed on that committee the membership of our group have confidence in us, and we are not coming back to this house and recommending something that is not one hundred per cent simon pure. We have done that, and we have told the members of that group that this was a justifiable expenditure; it was in the best interests of the country; it filled the need that existed in that section. I feel a little bit hurt when my hon. friend rises in his place behind me and breathes down my neck and tells us that we were not exactly right. I think we had a better chance to examine this item than he had. I am going to be charitable to him and say that he had better take another look.

Mr. Herridge: I am really drawn to have a few words to say on this item, particularly in view of the attitude of the hon. member for Moose Jaw-Lake Centre. I support it for the very reasons given by the hon. member for Winnipeg North Centre, the hon. member for Saskatoon and the hon. member for Cape Breton South. I am not going to repeat their arguments, but we in general support this measure because it is an extension of the field of public ownership to provide railroad and other services. It is a fact that there is more agreement from year to year on this question. We find Liberals, Conservatives, members of this group and other members supporting this policy. In fact, you find all progressive-thinking and forward-looking people supporting this kind of policy.

Mr. Sinclair: Page the hon. member for Moose Jaw-Lake Centre.

Mr. Herridge: I also support the measure because I have confidence in the committee. We had two well-known members of our group on that committee. They returned to our group and advised us that it was a very sensible and necessary piece of legislation. In addition, while I have personally every respect for the hon. member for Moose Jaw-Lake Centre, I have greater confidence in the business ability of the president of the Canadian National Railways. I am quite sure he would not make a recommendation of this type to the government if he were not confident that in the long run it was in the interests of the Canadian National Railways and of the people of Canada.

The hon. member for Moose Jaw-Lake Centre mentioned a luxury hotel. I think, as the hon. member for Cape Breton South said, that was rather stretching the fact. The evidence before the committee indicated it is a public service that is required in the city of Montreal if our railway is going to serve the public adequately. He mentioned that the company did not show a very big profit this year and suggested they might show a loss next year, and that it is all wrong from the business point of view to expand while you are showing losses. Well, surely, the hon. member for Moose Jaw-Lake Centre must know that this country was built up by people who were willing to expand while the companies concerned were showing losses. That was the history of the C.P.R. and I am sure I am not going to admit that any publicly-owned corporation must show less initiative and less enterprise than a private enterprise corporation.

The very same argument was used, as the hon. member for Cape Breton South said, when other hotels were built in this country. I remember reading it in the press at the time one of these hotels was built at Saskatoon, as my hon. friend to my right reminds me, and conditions were pretty bad in Canada at that time. But there were people who had confidence in this country and they proceeded with the building of various publicly-owned hotels.

I remember even in the city of Vancouver when they built a city hall during the depression and when many said it could not be done, but it was done because some people had confidence in the future of the city of Vancouver. As a result, the city of Vancouver now has one of the finest city halls in Canada. It is for all these reasons, Mr. Chairman, that I wholeheartedly support this measure and compliment the president of the Canadian National Railways for his initiative, forward-looking ideas and proposals.

Mr. Hahn: Mr. Chairman, I am rather sorry to hear hon. members to my right take the attitude they have in respect to the building of a hotel. I feel that if we have so many millions of dollars to spend then that money would be better spent on opening up the country and constructing railway lines, particularly the Pacific Great Eastern from Squamish to Vancouver, and so to assist in opening up the great northern parts of Alberta and British Columbia.

However, I am not here to defend the hon. member for Moose Jaw-Lake Centre. He is quite able to do that for himself. I do not intend to say too much either as regards this hotel. I feel that a hotel may possibly be necessary in Montreal, but I think it should be the business of the Canadian National Railways to build railways first and hotels second.

The very fact that my socialist friends are so enthusiastic—and I do not blame them—when it comes to spending money which belongs to the taxpayer in keeping people employed is not altogether surprising, and I can agree with them to some extent. But I should like to remind them that the Saskatchewan government, over a period of years, has had the privilege of losing many thousands of dollars and has seen fit to close many industries they owned which could have kept some of the people in their province quite well employed. However, I am not here to fight that particular province. The government of that province will have to look after itself at the next provincial election.

I come back to the matter of the C.N.R. and the railway problem in particular. I would say that where there is any expenditure, whether it be of $5 or $20 million, we have several requirements in regard to railway extension branches which should come first, one or two of which have already been denied. In fact, I am thinking of the line from Chibougamau to St. Felicien. Part of this money could well have been spent in carrying on that line following the socialist precept that it is worth a little loss now to open up the country for a later date.

However, just to reiterate my point, I believe the railways should be the problem of the Canadian National Railways and their first task should be to open up our country and make certain Canada has a good means of transportation which will make it possible for us to progress in the way all of us hope.

Mr. Thatcher: Mr. Chairman, I would just like to say one word. The fact that my hon. friend from Cape Breton South and the hon. member for Kootenay West support this hotel makes me all the more certain that I may be right. I know that the economy ideas which I sometimes express cause them distress. But I assure them that their economic expressions sometimes cause me distress. I suppose I had better leave it at that.

However, I would like to reiterate that I do not think the spending of $20 million on a luxury hotel, and that is what this is, as Mr. Donald Gordon said in his annual report, is a good thing for the taxpayers generally. I do not think the taxpayer is receiving full value for the dollars spent.

There is one more question I wish to ask one of the parliamentary assistants and that pertains to the expenditure of $147 million on equipment. I am in favour of this item if it is properly used. But I have been told that more and more people coming east from Vancouver and British Columbia are taking the American Great Northern railroad instead of the C.N.R. or C.P.R., because it is so much quicker to come that way. I wonder, if we get this new equipment, whether the C.N.R. can take steps to speed up the service to compete with the Great Northern railway, so that the people from British Columbia will come east on that line with equal speed. Could I have an answer to that?

Mr. Benidickson: Mr. Chairman, I think my hon. friend is referring probably to timetables about which I cannot speak, but on the general point of equipment in so far as the C.N.R. is concerned, I recall from my sojourn in the Department of Transport that it is only about two years ago that the railway was able to commence to make any capital expenditure of note on passenger equipment so great was the pressure for freight equipment, because necessarily there was the severe postponement during the war years. However, very substantial orders for new passenger equipment have been made during the last two years. As a member of the travelling public, and from what I hear from others, I think improved services are very much in evidence.

Mr. Thatcher: I do not think the parliamentary assistant understood my question. My understanding is that if a person comes from Vancouver on the Great Northern railway, which is in the northern United States, he can arrive here more quickly than by C.N.R. or C.P.R. If we get this new equipment will it mean the C.N.R. will be able to speed up its schedule? Could I have an answer?

[Mr. Hahn.]

Mr. Fairey: Mr. Chairman, if I may presume to give an answer to that question, I raised that very question in committee and Mr. Gordon gave us to understand that both railways were going to cut down the time between Montreal and Vancouver.

Clause agreed to.

Clauses 4, 5 and 6 agreed to.

On clause 7—*Power to aid other companies.*

Mr. Macdonnell: Mr. Chairman, this clause reads:

> The national company may aid and assist, in any manner not inconsistent with section 3, any other of the companies and railways comprised in the national system...

What other companies are referred to there?

Mr. Benidickson: The list, Mr. Chairman, is provided—

Mr. Macdonnell: I do not think it is necessary to read the entire list.

Mr. Benidickson: I was just going to point out where it could be found. The list can be found in the 1953 annual report, pages 34 and 35, and that list indicates the companies which would come under the definition of the "national system". This clause is a clause which has been in all previous acts, and indeed it was in last year's act in exactly the same form. It simply states that if the expenditures are not inconsistent with section 3 they can be for the purposes of the national as well as other companies in the system.

Clause agreed to.

Clauses 8 to 12 inclusive agreed to.

Bill reported, read the third time, by leave, and passed.

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

The house resumed, from Tuesday, June 1, consideration of the motion of Mr. Martin for the second reading of Bill No. 462, to provide for allowances for disabled persons.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Knowles: Mr. Chairman, I believe it was understood that if we got this far with this measure we would not go on with it tonight. Was that not the understanding?

Mr. Harris: I said that, Mr. Chairman, anticipating that the minister might not be present tonight because he had other public duties to attend to. But since he is present I think we ought to deal with the committee stage now.

Some hon. Members: Agreed.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Agreements with the provinces.*

Mr. Knowles: Mr. Chairman, clause 3 of this bill is the one which has the meat in it. This is the clause that specifies the age at which allowances for disabled persons can be paid. It also has in it as much as we get by way of a definition of total and permanent disability. It also has in it the means test provisions, together with provisions that make it impossible to receive this allowance at the same time as one is receiving any one of certain other items, such as an allowance under the Blind Persons Act, assistance under the Old Age Assistance Act, an allowance under the War Veterans Allowance Act or a pension under the Old Age Security Act. In addition to that, this is the clause that specifies the maximum amount of the allowance as $40. It also specifies that the federal government will pay up to only 50 per cent of the $40 a month. In other words, I have spelled out my statement that this is the clause that has the meat of this legislation in it.

I wonder whether the minister is in a position now to comment on some of the points that were raised when we were at the second reading stage. Perhaps he could start with one that was raised by members in all parties on this side of the house, namely the question of the definition. The clause reads that the allowance can be paid to a recipient who is "totally and permanently disabled as prescribed by the regulations". In this clause there are other matters that I wish to say something about, namely, the amount of the allowance, the age at which it is payable and the division between the provinces and the federal government. Perhaps the minister might first comment on the remarks made by the hon. member for Lanark, the hon. member for Red Deer, myself and others on the way in which total and permanent disability is defined. I ask him, if he will, to relate his comments to the remarks made on this question in the brief presented to the government by the Canadian Welfare Council to which I made reference last Tuesday.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: Carried.

Mr. Knowles: Not yet. I am amazed to find the minister so unwilling to speak.

Mr. Michener: On clause 3 I have a question which I should like to raise for the minister's consideration. Subsection 2 provides that payment shall be made only in respect of a recipient who—and I then drop down to paragraph (f) which reads as follows:

> (f) is not a patient or resident in a hospital, nursing home, or private, charitable or public institution, except as prescribed in the regulations.

I do not know what stage the drafting of regulations has reached, but many instances readily come to my mind where a disabled person who receives a pension would be much better off and would be better cared for in a private charitable institution than elsewhere. I have some instances of that kind in mind from my own experience. I know that some of these institutions which keep elderly people who have the old age pension look after them very well on part of the pension and leave the pensioners with a certain part of it as spending money. It is a happy arrangement for elderly people and I think it would apply equally well to disabled people who would be looked after well in these private institutions by reason of the pension which they get under this act; whereas if the pension is not permitted to be paid when they are in such homes, it seems to me that one of the purposes of the act is defeated.

I appreciate the fact that one does not wish to duplicate the expenditure of public funds for disabled persons by having them maintained at public expense in a home and also by paying a pension. But if only a modest part of the funds of a home are public funds, it seems to me that it is a proper case for paying the pension. I trust that the minister has that point in mind and will deal with it in the regulations.

Mr. Blair: Further to the remarks made by the hon. member, may I say that this morning I had a letter which set out the case of a disabled war veteran—one who is 100 per cent disabled—who is contributing to the keep of a totally disabled wife in an institution. Something should be done under this act to deal with a matter of that kind. It does not seem fair that he should be contributing for that purpose part of his pension

paid to him for war wounds and for other disability. He has what amounts to 100 per cent disability.

When the bill was before the house we mentioned this question of the time between the age of 16 when the family allowance stops and when this bill entitles the recipient to receive the pension at 18. I maintain that those two years are important years in the training and care of the disabled person and that those two years could be lost to some degree in the training of a disabled person or with respect to his health. Those two years are just as important as are any other years and during them they are not receiving anything.

The other point is this. If some information were given by the minister as to just what is meant by totally and permanently disabled people, it possibly would help us in this discussion. There is one other matter I wish to mention. I did not get a chance to say anything about it at the time, but there has been some discussion about who is responsible for this bill. I should like to pay tribute to one person who has worked consistently through the years. That person is Miss Eva Warden of Calgary who brought this delegation down to the house. I do not like to use the word "lobby" but she worked very hard in this matter. I believe in giving honour where honour is due; and I believe that Miss Warden should receive great credit for what she has done in promoting public opinion with respect to the bringing in of this bill.

Mr. Shaw: Mr. Chairman, last week I expressed the hope that the minister would be able to give us some information at least to indicate the extent of the agreement that has been reached between his department and the provinces in connection with this matter of the defining of the expression "totally and permanently disabled as prescribed by the regulations". Personally I am confident, without having been told, that some measure of agreement was reached. Undoubtedly this matter came up for serious consideration. In the second place, I should like to know whether, in the course of discussing the matter, it was agreed tentatively at least to go as far as the Alberta act does in its present statute, that is, as amended at the last session. That brings me to the specific subject of the case where a person may be partially disabled physically and partially disabled mentally, but not sufficiently mentally ill to warrant being placed in an institution. Nevertheless that person is permanently disabled. I should like to know whether or not that type of case will be included in the definition.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue in the morning with this debate followed by the legislation with respect to benefits for the armed forces, then the National Harbours Board Act, and then the Post Office Act. As the house knows, there is a pension bill in the veterans affairs committee that is being reported with a suggested amendment which, if His Excellency concurs, would be recommended to the house tomorrow by consent, I hope, and might be dealt with at the resolution stage so that the pension bill can be dealt with in committee of the whole with the amendment.

Then we have a bill, of which notice has been given, with respect to motor vehicle transportation. It would be our hope that hon. members opposite might find it convenient to deal with that some time later in the day after they have had an opportunity to see it. If these matters are all disposed of we shall take estimates, beginning with national revenue, then secretary of state, fisheries, and mines and technical surveys.

Mr. Green: Mr. Speaker, the motor transport bill has not yet been distributed. The minister was kind enough to give me a copy but I understand it has not been distributed generally. Therefore it would be very difficult to go on with that tomorrow. It was my understanding also that the Post Office Act would be taken before the national harbours board bill.

Mr. Harris: I know that some hon. members have committee work to attend to in the morning, and if it is not found possible to have them here at the time they have particular matters to discuss we can arrange that. However, we might leave the order I have indicated for the time being. We shall see that copies of the bill with respect to motor vehicle transportation are available the first thing in the morning, if they are not now available when hon. members leave the chamber. I am sure that the intelligent consideration which you will give to it in the meantime will lead you to be able to discuss it in the afternoon.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, June 8, 1954

The house met at eleven o'clock.

AGNES CAMPBELL MACPHAIL

MEMORIAL TO HONOUR THE FIRST WOMAN ELECTED TO THE HOUSE OF COMMONS

Mr. Speaker: I am very pleased to communicate to the house the decision of the internal economy commission regarding a memorial in honour of the late Agnes Macphail.

The commissioners of internal economy have had before them for consideration representations from the lady members of the Senate and House of Commons and from senators and members of parliament generally, as well as from various women's organizations, suggesting that the election to the House of Commons of the first lady member be suitably commemorated.

The commissioners have also been informed that a bronze bust by Felix Weihs de Weldon, sculptor, of Miss Agnes Campbell Macphail, the first woman elected to the House of Commons of Canada, has been graciously offered to the House of Commons by Mrs. Meredith Reany, of Palmerston, Ontario, and Mrs. Hugh Bailey of Toronto, sisters of Miss Macphail.

The commissioners have had this matter under consideration and have recommended: (a) that to commemorate this historic event, a bronze bust of the first woman member, Miss Agnes Macphail, be placed on a pedestal in the vicinity of the chamber of the House of Commons; and (b) that for this purpose the bronze bust of Miss Macphail offered by her two sisters, be gratefully accepted.

Several appropriate dates together with arrangements for the unveiling ceremony are still under consideration and will be announced later.

WHEAT

LOSS OF MARKETS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I desire to ask leave to move, seconded by the hon. member for Prince Albert (Mr. Diefenbaker), the adjournment of the house under standing order 31, to discuss a definite matter of urgent public importance, namely, the need for an immediate declaration of government policy with respect to the loss of farm markets for wheat and the means to be taken to protect the Canadian producers from the detrimental policies and practices of other countries.

Mr. Speaker: I will have to ask the Leader of the Opposition to move this motion before the orders of the day are called. I have to call routine proceedings. This is not the proper moment. Perhaps he could keep his motion and move it later.

Presenting reports by standing and select committees.

VETERANS AFFAIRS

PRESENTATION OF FOURTH REPORT—SUSPENSION OF STANDING ORDER 21

Mr. W. A. Tucker (Rosthern): Mr. Speaker, I have the honour to present the fourth report of the special committee on veterans affairs.

The Clerk Assistant:

The special committee on veterans affairs begs leave to present the following as a fourth report.

Your committee has considered Bill No. 339, an act to amend the Pension Act, and has agreed to report same with amendments.

With respect to clauses 10, 11, 12 and 18, as certain amendments contemplated therein would, to meet the views of the committee, result in an increased charge upon the public, your committee feels that it has no option, under the rules of the house, but to report these clauses without amendment. The committee would, however, recommend that the government consider the advisability of substituting the words and figures "1st day of May, 1954" for the words and figures "1st day of January, 1954" where they appear in the said clauses.

With respect to clauses 8 and 13 your committee has agreed to the deletion of the provisions contained therein. However, other amendments contemplated thereto would, to meet the unanimous views of the committee, also result in an increased charge upon the public.

Mr. Drew: Mr. Speaker, I cannot hear what is being read.

Some hon. Members: Dispense.

Mr. Speaker: It may be that proper order was not being kept, but it has been our practice lately to dispense with the reading of a report in which it is not intended to move concurrence the same day. The reason why I have not asked consent for the deputy clerk to dispense with the reading of this report is that the first paragraph is of some importance in that it deals with a bill to

which an amendment is being proposed. Perhaps the deputy clerk would read the first part of the report again, and may I ask hon. members to pay attention to what is being read.

The Clerk Assistant:

Your committee has considered Bill No. 339, an act to amend the Pension Act, and has agreed to report same with amendments.

With respect to clauses 10, 11, 12 and 18, as certain amendments contemplated therein would, to meet the views of the committee, result in an increased charge upon the public, your committee feels that it has no option, under the rules of the house, but to report these clauses without amendment. The committee would, however, recommend that the government consider the advisability of substituting the words and figures "1st day of May, 1954" for the words and figures "1st day of January, 1954" where they appear in the said clauses.

With respect to clauses 8 and 13 your committee has agreed to the deletion of the provisions contained therein. However, other amendments contemplated thereto would, to meet the unanimous views of the committee, also result in an increased charge upon the public. Therefore, in obedience to the rules of the house your committee here again feels it has no option but to delete the said clauses. The committee would, however, recommend that the government consider the advisability of amending subsection (3) of section 31 and subsection (3) of section 42 of the Pension Act by striking out the words "in respect of service during world war II" where they appear in the said subsections.

All of which is respectfully submitted.

Walter A. Tucker,
Chairman.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the house has just heard the report with respect to the Pension Act. By leave, I should like to move:

That Bill No 339, an act to amend the Pension Act, be considered in committee of the whole this day, and that standing order 21 be suspended in relation thereto.

May I by way of explanation add that this does not apply to the report as such, but only to the bill.

Mr. Green: One recommendation was made by the committee unanimously yesterday, and it requires the approval of the cabinet. I wonder whether it would be covered if we agreed to this procedure now?

Motion agreed to.

Mr. Harris: Mr. Speaker, the bill will not be considered until His Excellency in council has had an opportunity to consider the amendment suggested in the report, and we will convey to the house the result of that consultation.

[Mr. Speaker.]

WHEAT

LOSS OF MARKETS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I ask leave, seconded by the hon. member for Humboldt-Melfort (Mr. Bryson) to move the adjournment of the house under standing order 31 for the purpose of discussing a definite matter of public importance, namely—

Mr. Speaker: Order. The item under routine proceedings intituled "motions" has not yet been concluded.

[*Later:*]

Mr. Drew: Mr. Speaker—

Mr. Speaker: Perhaps the Leader of the Opposition (Mr. Drew), who read his motion a moment ago, should be made aware that by this time I have received a copy of the motion which the hon. member for Assiniboia (Mr. Argue) intended to move and, I suppose, by a mere coincidence they are on the same subject. Perhaps I should immediately give my decision as to whether I think a discussion of this matter is one of urgent public importance.

Now, when I consider these words, I am guided by the business which has been announced for today, and this is to be found at page 5620 of *Hansard*. I see that the first item of business for today has to do with the study of a measure respecting allowances for disabled persons which is to be considered in committee of the whole.

There are other measures which will follow and then later, I understand, there will be a motion to go into supply, at which time hon. members may discuss the matter which is contained in the motion for the adjournment.

Hon. members may say, "Perhaps we will not reach the motion to go into supply today." But if we do not reach it today we may perhaps reach it tomorrow. In any event, on Thursday and Friday we will be going into supply and I would imagine that the estimates for the Department of Trade and Commerce cannot be very much longer delayed. They should be before the house soon. In addition, there are also the estimates of the Department of Agriculture on which this matter can be dealt with.

Therefore, for the dispatch of business and in the interests of order and good business, I think we ought to postpone the discussion of this particular reduction in the price of wheat for perhaps a few hours until we go

into supply, or, if we do not go into supply today, at any rate it will not be any longer than a few days hence.

Mr. Drew: Then, Mr. Speaker, I propose to avail myself of the rule to the effect that if twenty members rise on such a motion then the matter must be discussed, and I would ask—

Mr. Speaker: Order. May I perhaps deal with the point the Leader of the Opposition has made. Paragraph 3 of standing order 31 states, relative to the mover:

He then hands a written statement of the matter proposed to be discussed to Mr. Speaker, who, if he thinks it is in order,—

I think it is in order.

—and of urgent public importance, reads it out and asks whether the member has the leave of the house.

Since I gave it as my opinion that I did not think it was of urgent public importance in the sense which has always been adopted in practice, I did not, therefore, read it out, and I am not going to ask whether the member has the leave of the house; and, according to our established practice, the matter must rest there.

In this case I am not deciding on a point of order. I am deciding on practice, and by virtue of this standing order it just so happens that it is up to me to decide whether the motion is of urgent public importance. If I do not think it is of urgent public importance and do not read the motion then it is unnecessary to ask whether the hon. member has the leave of the house.

I agree that in years past the strict procedure with respect to standing order 31 was to the effect that the minute a motion was made the Speaker did not have the opportunity of deciding whether he thought it was of urgent public importance. The burden did not lie upon him, and all he had to do was to ask if the hon. member who moved the motion had leave; and if twenty hon. members rose, all the Speaker had to do was to resume his seat and allow the debate to carry on.

However, this standing order was amended in 1927—see *Journals,* 1927, Tuesday, March 22, page 316 and page 334. Also *Hansard,* 1927, Tuesday, March 22, page 1426, *re*: amended rule 39, now standing order 31—and ever since these words have been included, to the effect that the Speaker has to decide whether he thinks it is of urgent public importance, the practice has always been, as established by Mr. Speaker Black and his successors—and I observe that the hon. member for Winnipeg North Centre (Mr. Knowles) recalls the establishment of that practice—that if the Speaker thinks that it is not a matter of urgent public importance the matter rests there. See ruling of Mr. Speaker Black, *Journals,* Friday, 19th February, 1932, page 62, and *Hansard,* February 19, 1932, pages 360 to 365 inclusive. Also ruling of Mr. Speaker Casgrain, *Journals,* March 10, 1939, page 178. Also rulings of Mr. Speaker Glen, *Journals,* February 17, 1944, page 99, and *Journals,* Friday, 28th April 1944, page 332. Also ruling of Mr. Speaker Fauteux, *Journals,* July 15, 1946, page 485. Also ruling of Mr. Speaker Macdonald, *Hansard,* March 5, 1951, page 884, and *Journals,* March 5, 1951, page 136.

Mr. Fulton: Mr. Speaker, may I make one or two comments on this matter of your decision as to whether this is of urgent public importance. I fully realize that your decision, once made, is final and is not subject to appeal. But all I would ask Your Honour to do is to hear a word or two on this point which may perhaps lead you to reconsider that decision.

I am not going to anticipate what would have been said had you ruled otherwise, but I would ask you to consider whether the possibility of this matter being reached at a later stage today is of sufficient reality to justify your decision, appreciating the possibility that it may not be reached for another couple of days if the supply motion should not be reached today.

With regard to the matter which has been raised, a statement of government policy would be a most urgent and important matter. In view of that, I would refer Your Honour to citation 249 in Beauchesne's second edition. I realize it may not be strictly applicable to the full extent in this house in view of some of the rulings which have been made, but nevertheless I would place it before Your Honour for your consideration. It reads:

In doubtful cases, the question of urgency and of importance are left for the house to decide by giving or withholding its support.

The authority for that citation is the manual of procedure in public business of the British House of Commons and for that reason I fully realize that it may not be applicable in this house, but I take the liberty of suggesting to Your Honour that there is some merit in it, and I hope Your Honour will agree, despite the fact that for the moment you have given the decision that it is not urgent. I hope Your Honour will yourself agree that there is some doubt. I think that at the moment you have come down on the side that it is not urgent. I merely suggest that possibly Your Honour might consider that there are two points of view as to its urgency and might therefore

regard it as a matter of doubt which should be left to the house to decide. That decision, of course, would be dealt with on the basis of whether or not twenty members rise in support of the motion. What I am asking in effect is that in this case Your Honour should not exercise a firm decision immediately as to the question of urgency but should leave that question to be decided by the house.

Mr. Coldwell: On the point of order, Mr. Speaker, may I say just one word. I think your ruling is in accordance with the practice of the house but might I suggest this to you, Mr. Speaker, and to the house and to the government. In order to avoid any possibility of this discussion being delayed, I suggest that the government, with the consent of the house, might agree to changing the order of business today and to have this matter come up at 2.30 this afternoon. Then there would be no possibility of any great delay. I make that suggestion, Mr. Speaker, to the government and to the house.

Mr. Harris: On that point, Mr. Speaker, may I say this. I am sure that the legislation before the house will commend itself to hon. members so much that it will be through by 2.30, and we can go on with the motion to go into supply.

Mr. Drew: Mr. Speaker, I direct to the Prime Minister (Mr. St. Laurent) the question whether, in view of the importance of the issue raised and the need for a clear declaration of policy, he will not consent to this being made a substantive motion and being dealt with immediately. There is no assurance that we shall have any discussion of supply today or tomorrow. The legislation that the house leader of the government has indicated is now coming before us is of importance and may well occupy all of today, tomorrow and even longer. This subject is one which should be clarified immediately. I suggest to the Prime Minister that consideration be given to accepting this as a substantive motion and dealing with it now.

Mr. St. Laurent: Mr. Speaker, the Leader of the Opposition (Mr. Drew) cannot be serious in suggesting that I can give the unanimous consent of the house. It would be an extremely bad precedent to establish that any one man can give unanimous consent for the house. With respect to the urgency of discussing this matter, may I say this. The most I would be prepared to suggest is that either when we move to go into supply at a time when that motion is to be debated or when we get into suply, the first department called be the Department of Trade and Commerce.

[Mr. Fulton.]

Mr. Drew: Mr. Speaker, just by way of reference to the remark of the Prime Minister, let me say this. I am most serious in believing that if the Prime Minister had indicated his consent, all those who are now opposed to this matter being discussed would have readily agreed.

Some hon. Members: Oh, oh.

Mr. St. Laurent: I thank the Leader of the Opposition for his compliment.

Mr. Speaker: In order to conclude my participation in this discussion, may I say this. The hon. member for Kamloops (Mr. Fulton) has referred to citation 249 of Beauchesne's second edition which reads as follows:

> In doubtful cases, the question of urgency and of importance are left for the house to decide by giving or withholding its support.

If the Speaker thinks that the subject matter of the motion is of urgent public importance, standing order 31 provides that he will ascertain whether the member has the leave of the house to move the motion. Twenty members must rise. If this citation 249 were to apply, the majority would have to decide. Citation 174 of Beauchesne's third edition, in the second paragraph, reads as follows:

> Urgency within this rule—
>
> That is within standing order 31.
>
> —does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

In considering the urgency of debating this motion, having regard to the meaning given to "urgency" in citation 174, I have to examine what is already on the order paper for discussion. There is the measure providing allowances for disabled persons. If I recall the debate which took place on second reading of that measure not long ago, it would seem that is a matter of rather urgent public importance. Then on the orders of the day today the acting leader of the house announced that there would be a motion to go into supply. Having regard to all the remarks that were made on both sides of the house with respect to the possibility of moving to go into supply later this day, I think we might perhaps forgo the discussion of this subject for the present. I feel sure that later in the day an opportunity for discussion will be provided on the motion to go into supply.

REQUEST FOR ANNOUNCEMENT OF GOVERNMENT POLICY ON MARKETING OF SURPLUS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister so that there may be a better understanding of it when this subject comes up for discussion. Is the Prime Minister in a position to announce, on behalf of the government, any government policy in connection with the marketing of our surplus wheat?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the Prime Minister is not in a position to announce to the house any government policy different from that which has been followed up to the present time.

REQUEST FOR CO-OPERATION WITH UNITED STATES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, may I ask whether steps will be considered with a view to arriving at some method of co-operation with the United States so that the move made by Canada first on February 16 to cut the price of wheat, now followed by the United States, will not be continued by either country so that the situation will deteriorate into a price war?

Mr. Rowe: It has already started.

Mr. Coldwell: Is the Minister of Trade and Commerce going to answer?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, from our discussions with the responsible members and officials of the United States government, I assure the hon. gentleman that there is no desire on their part or on the part of Canada to get into a price war.

[*Later:*]

DECLINE IN EXPORTS—STATEMENT BY MINISTER

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Does he not think it is an alarming situation when Canadian exports of wheat have fallen by 60 per cent in the last five weeks compared with the same period in 1953?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My hon. friend asked that question yesterday and I have an answer prepared which I will give—a considered opinion. The statistics of export clearances quoted by the hon. member for Assiniboia are substantially correct, but I must point out that the results of the last few weeks are not typical of the crop year as a whole. While exports of wheat are down compared with the heavy level of exports in 1952-53, the results are not discouraging. Exports of wheat and flour up to May 26 in the present crop year amounted to 207 million bushels, which is just about the average for the period August to May inclusive for the ten years from 1941-42 to 1951-52, the ten-year period prior to the harvesting of the last three big crops.

Furthermore, the hon. member has compared exports for the month of May this year with those for May a year ago. May I point out that wheat exports in May, 1953, were exceptionally large, reaching a total of some 41 million bushels, compared with average exports of about 22 million bushels for the month of May. May I say that the fourteen weeks strike at the Vancouver elevators had much to do with that situation. Deliveries were being made against overdue contracts.

Mr. Diefenbaker: There was an election too.

Mr. Howe (Port Arthur): Here is a wisecrack from the hon. member for Prince Albert—

Mr. Diefenbaker: There was an election in the offing.

Mr. Howe (Port Arthur): —who contributes so greatly to the problem of selling wheat.

Some hon. Members: Hear, hear.

Mr. Howe (Port Arthur): He regards the problem as one for his amusement and as a subject for his wisecracks. I regard it as something quite different.

Mr. Diefenbaker: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Howe (Port Arthur): Who has the floor, may I ask?

Mr. Diefenbaker: On a question of privilege, that statement is unjustified and does not afford an alibi for the government.

Mr. Chevrier: It is certainly according to the facts.

Mr. Rowe: Unparliamentary, too.

Mr. Speaker: Order.

Mr. Howe (Port Arthur): May I resume my serious answer to a serious question?

Mr. Fulton: Blind optimism does not do much to sell wheat.

Mr. Speaker: I would be very grateful if hon. members would remain silent. If any

unpleasant incident should develop in the house I could not be the arbiter because I cannot hear what is going on.

Mr. Howe (Port Arthur): I assure you, Mr. Speaker, there will be no need for your intervention.

When we make comparisons with May, 1953, therefore, we are making comparisons with a near record export movement for that particular month. When the members of the wheat board appeared before the standing committee on agriculture and colonization the reasons for the reduced wheat trade this year were thoroughly gone into. World trade in wheat this year is down largely because of the bumper crops harvested almost everywhere in the world in 1953 and also because of the general reduction in reserve stocks of wheat in importing countries. Canada has continued to hold a substantial share of the world wheat export business, about as high a share as we had last year.

Finally, Mr. Speaker, I must point out that we should not look only at wheat. Exports of oats, rye and flaxseed to May 26 this year are all higher than for a similar period last year, and the figures for barley, while lower than last year, have already exceeded the total reached in the second highest barley export year on record. I am not going to prophesy but it seems likely that, considering all grains and not only wheat, we shall this year probably have the third or fourth highest export year on record.

Mr. MacInnis: I rise on a point of order. There was a motion made to discuss this question as a matter of urgent public importance and you decided, Mr. Speaker, that this was not the time. If it is not the time to discuss the question on such a motion then it is certainly not proper to debate the question on the orders of the day, which is exactly what we are doing now. I suggest that we discontinue these questions and answers now and proceed as quickly as possible to a time when we can discuss this matter with less heat and more light.

LABOUR CONDITIONS

EXCISE AND SALES TAXES—LAY-OFFS AT FORD PLANTS

On the orders of the day:

Miss Sybil Bennett (Halton): Mr. Speaker, I have a question which I should like to direct to the Prime Minister. In view of the heavy lay-offs in the Ford plants at Windsor and Oakville, will he inform the house whether the government is considering reduction of the excise tax and the sales tax on automobiles in order to encourage sales and thus to increase employment?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I thank the hon. member for having sent notice of this question to my office just before I came into the house. In reply may I say that no consideration has been given to any such policy decision. If and when any such policy has been decided upon, it will be announced to the house in the usual way.

[*Later:*]

REQUEST FOR STATEMENT OF GOVERNMENT POLICY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister supplementary to the question asked by the hon. member for Halton. Is the government considering any measures to put a stop to the lay-offs of industrial workers that are now taking place, or any measures to put our unemployed industrial workers back to work?

Right Hon. L. S. St. Laurent (Prime Minister): The government is considering at all times the whole of the economic situation in Canada, but the government is not considering interfering with the decisions of manufacturing industries in any of the sectors of the Canadian economy.

GRAIN

UNITED STATES SELLING POLICY—REPORTED DISCUSSIONS WITH UNITED STATES OFFICIALS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, now that the Prime Minister is answering questions, possibly he will be able to tell us what happened at that conference or meeting at Washington between representatives of the Department of Trade and Commerce and the United States department of agriculture. At that conference did Canada try to dissuade the United States from making a cut of ten cents a bushel in the price of wheat?

Mr. Abbott: Order. Is this a debate?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I did not attend that conference. All I know is that efforts were made on both sides to meet the present world situation in connection with the marketing of wheat.

Mr. Diefenbaker: Mr. Speaker,—

Mr. Abbott: You will not sell 600 million bushels of wheat by asking questions in the House of Commons.

Mr. Diefenbaker: —whether the Prime Minister attended the meeting or not, somebody in the government must have done so.

Mr. Abbott: Order.

Mr. Diefenbaker: Somebody in the government—

Some hon. Members: Question.

Mr. Diefenbaker: —must know what representations Canada made.

Some hon. Members: Question.

Mr. Diefenbaker: I will direct the question to the Minister of Trade and Commerce (Mr. Howe). Some hon. members may hoot. The western farmer today is hooting too.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I ask the Minister of Trade and Commerce whether or not Canada took a strong stand against the United States making a preliminary cut of ten cents a bushel.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I did not attend the conference either. The conference was called to discuss the wheat situation. There are others selling wheat in the world besides Canada and the United States. Discussions took place with respect to whether North America is competitive with the world in selling wheat. No decision was arrived at. The action that the United States took was probably taken in the light of the discussions, but was their decision. The action that was taken yesterday by Canada was Canada's decision. I might say that parliament has placed the responsibility for fixing the price of wheat in the hands of the Canadian wheat board with instructions that the price of Canadian wheat is to be kept competitive with world prices. Those instructions are being carried out. My hon. friend, by showing alarm and concern and telling the world that Canada is in a desperate situation, is not helping to sell Canada's surplus wheat.

Mr. Abbott: Hear, hear.

Mr. Diefenbaker: The same old alibi.

DROP IN BARLEY EXPORTS IN MONTH OF MAY

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce on another subject, although it is somewhat similar. How does the minister account for the drop in the exports of barley from 18,300,000 bushels to 3,100,000 bushels comparing the same five-week period ending June 2, 1954, with the previous year, which is a drop of 83 per cent?

Mr. Sinclair: He just answered that.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I cannot say why people buy in one month and not in another month. Perhaps my hon. friend knows the answer, but I do not know. As I say, May of last year was an abnormal month for the reason that all exports from Vancouver were cut off for fourteen weeks prior to that month because of the strike at the elevators on the west coast.

IMMIGRATION

DELAY IN EXAMINATIONS AT VANCOUVER

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to direct a question to the Minister of Citizenship and Immigration. Has the immigration department any plans under way by which immigration examination of tourists and immigrants can be speeded up at the port of Vancouver so as to avoid six-hour delays in landing, as happened yesterday when the luxury liner *Oronsay* arrived with some 1,349 passengers?

Hon. W. E. Harris (Minister of Citizenship and Immigration): I am not aware of the difficulty that my hon. friend mentions, but I shall look into it and report to the house.

PORK

STATEMENT AS TO EXPORT TO RUSSIA

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Hamilton West asked a question in connection with the sale of canned pork. She wanted to know whether the condition imposed was that the sale should be outside the North American continent or outside of Canada. The official return of the Minister of Agriculture stated "off the North American continent". I have looked into the matter and find that is correct.

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

The house resumed, from Monday, June 7, consideration in committee of Bill No. 462, to provide for allowances for disabled persons—Mr. Martin—Mr. Robinson (Simcoe East) in the chair.

Disabled Persons—Allowances

On clause 3—*Agreements with provinces.*

Mr. Knowles: I wonder whether the minister is going to deal with the questions which were raised on the second reading of the bill, of which we reminded him briefly last evening. I should like to hear from him as to the definition of permanent and total disability. I should like to hear from him as to the age at which the allowance is to be paid, with particular reference to what some of us deem "the most unkindest cut of all", namely that gap between 16 years of age where the family allowance stops and 18 years of age where the disability allowance can be commenced. Would he also comment on the remarks we have made with regard to the amount of the allowance and the division between the provinces and the federal government? Will he give some information as to how many disabled persons he expects will qualify for this allowance under the provisions set out in the bill, on the assumption that all the provinces come into the arrangement?

Mr. Pouliot: Before the minister answers, Mr. Chairman, I wish to tell him my appreciation of his having mentioned, at page 5325 of *Hansard* for June 1, 1954, the interest that the hon. member for Terrebonne, the hon. member for Fort William and the hon. member for Temiscouata have taken in this matter. In that connection, I have not sponsored any motion concerning aid to invalids, but I have had a lengthy correspondence with the minister and with the officials of his department concerning many deserving cases.

There are some hon. members who have sponsored motions requesting the government to give aid to invalids, and I must mention particularly the hon. member for Compton-Frontenac, and the hon. member for Bellechasse, who had resolutions standing in their names for that purpose. I should like to bring to your attention, too, the fact that if a pension is awarded to invalids the minister should be highly praised for that, as should the Prime Minister who announced that piece of legislation some months ago. Along with family allowances, the aid to invalids is one of the finest things that could be done. It is done for those who are handicapped by nature or as a result of accidents for which they have not been responsible.

Sometimes the invalid case starts at birth, and it is impossible to describe the devotion of the mothers of handicapped children. They want to look after them. There are hospitals that take care of invalids. There is a lady who has been recently appointed to the Senate who has been the chairman of the board of governors for 15 years of the deaf and dumb institute at Montreal. Many people are interested in the invalids, but those who are most interested in them are the mothers who give birth to handicapped children. We must notice that because of that motherly love they do not want their handicapped children to go to hospitals. They prefer to take care of them themselves. In my county in particular, there is a family in which the father and mother are both normal-appearing. It is a family of ten children, and five of the children are normal, but the others are not. They have suffered from birth. Although mentally they are normal, physically some of them can hardly walk, some are hunchbacked and present one of the saddest cases.

Imagine how deserving is that mother who has taken care of five children like that in her family. I shall not insist upon it, because this legislation will provide for them, and will help the parents take care of these handicapped children at home. This legislation is a step in the right direction, but on the other hand I do not understand why the age limit has been established at 18. Parents who look after the handicapped children need that help from the start, and I hope the legislation will be amended, sooner or later, so that it meets the needs of the most deserving people.

Mr. Shaw: Last night I expressed the hope that the minister would find it possible to give us further information with respect to the expression "permanently disabled". I believe the minister was on the point of rising when the house was adjourned. I do want to join with the hon. member for Winnipeg North Centre in requesting the minister to make a statement before we approve clause 3.

Possibly he would like to have all the questions now so that when he does rise he will be able to deal with them. I notice that under clause 3 (e) patients in tuberculosis sanatoria, mental institutions, homes for the aged, infirmaries or institutions for the care of incurables are excluded. Then under paragraph (f), patients who are residents in hospitals, nursing homes, private, charitable or public institutions are excluded except as provided in the regulations. Apparently there are going to be exceptions under that section, and possibly the minister would give the explanation for that. I hope he will deal with it in the course of answering the questions.

Mr. Kirk (Antigonish-Guysborough): The statement made by the minister when introducing this bill was so comprehensive, Mr. Chairman, that there is very little left that can be usefully said. It is not my intention, therefore, to speak at any length on this

subject but I do welcome the initiative taken by the government in sponsoring this measure. It is, I believe, very significant that the disabled persons measure should be introduced at this time, so soon after a federal election campaign, during which the type of assistance referred to in the bill now before the house was not the subject of any election promise.

I am proud to be a supporter of a government that places such a high priority on human welfare. I am proud, too, that the provincial government of Nova Scotia has signified its intention of participating in this new program, and has, indeed, already passed the necessary legislation.

In fact, this was one of the highlights of the legislation recommended in 1954 by our late beloved premier, Angus L. Macdonald, and was one of the last items approved prior to his untimely passing. I know that I speak for the disabled in my constituency, who will benefit under this legislation, when I commend our Prime Minister for his special interest, in having this legislation brought forward, and his able lieutenant, the Minister of National Health and Welfare, for the part he is playing in sponsoring it.

The disabled in our midst have a very special claim on the sympathies of their more fortunate, able-bodied fellow citizens. There are, unhappily, a good many Canadians who, through no fault of their own, are barred through some disability from playing their full part in the life of the nation. But Canadians can be proud of the steps that have been taken in this country to provide for those unfortunate persons suffering from serious disabilities.

For many groups, such as our war veterans, the blind, and others, provision has already been made, through existing federal, provincial and local programs of one kind or another. A good deal of effective work is also being done by service clubs, and by voluntary agencies, such as the Canadian Arthritis and Rheumatism Society, the Canadian National Institute for the Blind, and others.

The rehabilitation of the disabled has also become an important feature in our legislative programs and, indeed, it is generally agreed that Canada's rehabilitation program for disabled veterans equals that of any other country.

Much has been done, also, through the federal Department of Labour, to train handicapped persons, and to place them in useful productive positions, using the facilities of the national employment service.

Through the new civilian rehabilitation branch of the labour department, federal grants have been made available, to support co-ordinated provincial rehabilitation programs, so that these can achieve maximum coverage and effectiveness. The magnitude of rehabilitation efforts in Canada is indicated by the fact that in 1949 more than 325,000 disabled persons received assistance, under a number of different programs, at a cost of some $110 million.

Then again, since the national health program was instituted in 1948, there has been a continuous increase in the health provisions for our disabled citizens. The crippled children's grant has been extensively used for rehabilitation purposes. Under the tuberculosis control, and the mental health grants, much has been done for persons handicapped by these diseases, while other grants have assisted the victims of arthritis and polio to win their way back to health. Meanwhile governmental assistance has promoted the construction of additional hospital accommodation and, under the professional training grant, health workers have been trained in the technique of rehabilitation of the disabled.

Last year an important step was taken, with the institution of the medical rehabilitation grant, to extend in every province the provisions for disabled persons.

But, despite all that is being done, there still remains a hitherto neglected group of disabled civilians for whom the community as a whole should be prepared to shoulder a share of the responsibility. These are the men and women who will benefit by this new, nation-wide program of disability allowances.

It is well for every member of this house to remember the terms of the resolution, and the provisions of the bill now before us. I note that the age of eligibility has been set at 18 years, and a residence of 10 years is required. I understand it has been estimated that the number of pensioners to be covered under this legislation will run between 25,000 and 35,000, and that the annual cost will represent an expenditure of $12 million to $16 million.

The bill states quite specifically that assistance will be available to those in need, who are "totally and permanently disabled". It would be most unfortunate if members of this house were to convey to their constituents any false impressions as to the extent of the coverage of the present measure.

Some will say that this bill is unduly restrictive; that eligibility should not be limited so rigidly, to those whose disability is total and permanent. I think, however, that if any member of this house were to take the trouble to examine the provisions of similar legislation in the United States and

elsewhere, he would find that the measure now being introduced by this government is equally as generous as any similar program now in existence, anywhere.

It should not be forgotten that the ultimate aim of any forward-looking program, on behalf of the handicapped, should not be merely the provision of financial relief but, rather, victory over the handicap. There are many persons now suffering from a temporary or partial disability who could be helped back to a useful, self-supporting existence. It would then, in my view, be a retrograde step if action were now taken to encourage dependency on the part of those persons for whom rehabilitation may be possible.

Only when it proves impossible to help a disabled person to lead a happy and productive life, through his own endeavours, should we consider the provision of a pension. In such cases a pension will provide a guaranteed level of protection, and will represent a very real advance in establishing security for some thousands of our citizens who, up to this time, have had little or no help under our established programs.

No doubt there will be some who will not be satisfied with the present measure—just as there were some who spoke against family allowances, and every other progressive social measure, introduced by Liberal governments over the past 20 years. I, for one, believe in giving credit where credit is due, and I should therefore like to commend the government upon this important, humane and far-reaching social measure.

Summing up, Mr. Chairman, the social legislation introduced for Canadians, by successive Liberal governments, has provided a degree of security for our elder citizens, and has ensured at least a minimum of well-being for the very young; we have shown gratitude to our veterans and their dependents, through unsurpassed veterans legislation; the youth of our country have been assisted in their educational program, through special students grants, vocational training, grants to universities, and so on. Labour legislation has been introduced to make easier the lot of the labouring man. Unemployment insurance benefits are available for those temporarily out of work. Our people, generally, have benefited by extensive health and welfare legislation.

Now, Mr. Chairman, we have the disabled persons bill, and I am sure that all these other groups of Canadians will welcome this measure with that spirit of generosity towards the needy which has always been characteristic of our citizens.

[Mr Kirk (Antigonish-Guysborough).]

Mr. MacNaught: Mr. Chairman, before the minister replies to the questions asked I should like to put a question to him. In his statement to the house on the motion for second reading, when referring to the negotiations with the various provincial governments, he said, as reported at page 5325 of *Hansard* for June 1:

> There have been no official indications as yet from the provinces of Quebec and Prince Edward Island as to their intentions.

This statement has caused no little concern to the people of Prince Edward Island, and I wonder if, when the minister is answering the questions, he would bring the committee up to date on the recent negotiations with the government of Prince Edward Island on this vital question.

Mr. Castleden: Mr. Chairman, I should like to add a word to what has been said by hon. members, particularly with regard to the age limit of 18 years. I understand there are difficulties of administration, and also that the government has to draw the line somewhere. Undoubtedly it made a survey of the number of people affected by this legislation.

I have in mind one family in my own constituency in which, unfortunately, there are three children who are permanently and totally disabled. I am thinking of the very heavy burden placed upon that young couple in connection with the raising of those children. I think of the great amount of care they are putting into it, the difficulties with which they are faced, and the terrific burden they must endure.

I have known of other cases where the members of a family have had to look after one in that family who has been totally and permanently disabled. I contend that in a family where there are three in that condition there is far more hardship, far greater need for care and for assistance, and the case is much more deserving than are other cases—deserving as they may be. Before he leaves this discussion I should like the minister to comment on whether or not, under the regulations, there would be some way to take care of two or more cases in one family. I see no reason why some provision should not be made, in those provinces where they wish to do it, to assist those families that I am sure are more deserving than any others where there is only one disabled person in the family and where the person has reached the age of 18.

When the minister is speaking I should like him to give some estimate of the number of people who he expects will be covered by this legislation and to whom assistance will be given.

Mr. Barnett: I do not intend to discuss this clause at any length, but as some of other hon. members have said, the phrasing of the various subclauses raises some questions in my mind as to just what the ultimate result of the application of the clause will be under the regulations that are drawn. The particular point that I should like to raise is a question that concerns paragraph (f) of clause 3 which says that a person may be eligible if he:

is not a patient or resident in a hospital, nursing home, or private, charitable or public institution, except as prescribed in the regulations;

I can readily understand the restriction in paragraph (c) where people are excluded from receiving the benefits under this measure if they are receiving benefits from other public plans. But the question in my mind is as to the application of the principle. It seems to me that paragraph (f) is in effect placing some citizens in a category different from those who may not be in a position to receive private charity. It seems to me that if we are to introduce a measure which provides benefits from public funds for disabled persons, it should be considered as a right of any citizen of the country, provided that they meet the qualifications in other respects. In other words, we should not place some of our citizens in the position that where they feel that because, for one reason or another, they are in receipt of private charity they are to be excluded from the benefits of this legislation. I feel that that will be the result of the application of this measure. It is not a good way to start out.

Mr. Martin: Your interpretation is right.

Mr. Barnett: It is not a good way to start out with a measure of this kind. As indicated by other members of my group, I certainly feel this measure is a necessary step in the right direction; but if we are to put some of the disabled people in Canada in the position where they feel that because they are recipients of private charity they are not eligible—

Mr. Martin: I said your interpretation was right.

Mr. Barnett: Perhaps the minister has not correctly understood the interpretation that I am trying to make of this paragraph. When the minister is speaking on this clause I would appreciate it if he would expand upon what is the intent of paragraph (f). I am more interested in understanding the minister's interpretation than I am perhaps in his understanding of my interpretation.

Mr. Martin: I agree with the hon. member, and that is the intent.

Mr. Diefenbaker: Will the minister not give a reply as the various clauses are dealt with? We are now dealing with clause 3. One of the most important questions to be decided is a definition of "totally and permanently disabled". The clause provides that the definition will be prescribed by the regulations. Having regard to the fact that the essence of this bill is the payment of allowances within the limitations provided to those who are totally and permanently disabled, the minister should advise the committee what the tentative definition of those words will be so that we might be able to make suggestions to cover a subject matter very difficult to define.

Before this clause is carried he might also give to the committee an indication of the degree to which negotiations have taken place with the various provinces to the end that the definition of another question might be arrived at by agreement between the federal government and the various provinces. I would appreciate it very much if the minister would place before the committee the definition he has in mind for incorporation in the regulations, or at least that definition which will constitute a tentative one and will be representative of the view of the government.

Mr. Zaplitny: I have only a brief word to say on this clause. Generally, I support this legislation very happily because it so happens there is on the order paper a resolution in my name calling for such legislation.

There are two paragraphs in clause 3 to which I should like to refer. The first is subparagraph (ii) of paragraph (a) of subclause 2, the part which has to do with residence qualifications. It specifies that the applicant must have been in Canada for 10 years or more. There may be some particular reason for setting 10 years as the minimum. I hope the minister will give us the reason, if there is a good case for it.

I should like to draw to his attention something that I have mentioned before on different legislation, namely, that when immigrants come to this country they come under the auspices or jurisdiction of the federal government. They come presumably in good health; otherwise they would not pass their medical examination. If something should happen before they have been here 10 years and they should become disabled, at the present time they would have to apply to their local authority, that is, to the municipality, the town or the city, as the case may be, for assistance. It would appear to be rather unfair to the local authorities to require them to take on the responsibility for persons who entered Canada in good

health, and through no fault of their own became disabled. I would urge that the minister reconsider this particular subparagraph to see if a shorter length of residence qualification may not be agreed upon. I shall leave it at that point until we hear the reply.

I go on to the next paragraph with which I am concerned, namely, (e), to which the hon. member for Red Deer has already referred. This paragraph specifies the persons who are excluded as those who are patients of tuberculosis sanatoria, mental institutions, homes for the aged, infirmaries or institutions for the care of incurables. I am not going to say anything about the first two exclusions, but when we come to the home for the aged and the infirmaries or institutions for the care of incurables I have this to say. The minister is aware of the fact that across Canada there are many excellent voluntary organizations and institutions which are doing their best to take care of persons in that class. Very often they have to depend on public charity in order to make ends meet. The income that they usually derive from pension and other assistance to persons who are patients in that institution does not cover the cost of operating the institution, and it appears to be a bit unfair to leave out persons who are being taken care of by these voluntary institutions, often, as I said, at the cost of having to go to the general public and beg for funds in order to keep the institution going.

I certainly hope that at least the provision contained in paragraph (f), where it provides that there may be some exceptions, may be made applicable to paragraph (e), because I think there will be cases coming up where that will become necessary. I hope the minister will consider these two points.

Mr. Martin: Mr. Chairman, perhaps I may deal with these questions now before we pass this clause. I thank members of the committee for their useful suggestions.

First of all, in answer to the hon. member for Prince, I think I should say that I already mentioned in the house in my statement in chief that as far as we were aware enabling legislation had been provided in eight of the 10 provinces. Undoubtedly the impression created by that observation was that in the case of the provinces of Quebec and Prince Edward Island no such enabling legislation existed, and that possibly there was not going to be any support given by these provinces to this measure.

The premier of the government of Prince Edward Island called me on the telephone and pointed out that his government intended to take advantage of this legislation just as quickly as possible. I pointed out to him that there was no enabling legislation in the province of Prince Edward Island and it was because of that that I made the statement to which he had directed my attention.

He intimated that his government had considered the matter and they were of the opinion that no enabling legislation was necessary in that province. He assured me without reservation that Prince Edward Island was going to join the scheme. I can therefore now say that there are nine provinces which will undoubtedly take advantage of the legislation, and I am hopeful that all the provinces in Canada will eventually take advantage.

With regard to the observations made by the hon. member for Dauphin, I think he has made several valuable suggestions, and I can only give him my reaction to them.

With regard to the qualifying residence period of 10 years, the hon. member will note that that is the same period required in the case of blind persons, and as this is disability legislation we are anxious to have both acts conform, one with the other, as closely as possible, consistent with the wishes of the majority of the provinces.

The question of residence was discussed with the provinces and every one of them was of the opinion that this qualifying period of 10 years was desirable. In the case of family allowances there is a lesser period of one year but the circumstances, I think, are different. In any event, this was the wish of most of the provinces. It conformed to our own thinking at the time because of our desire to see that this measure should be as consistent as we could make it with the blindness allowances act.

On the question my hon. friend raised regarding paragraphs (e) and (f), the problems he has noted have been very much in our minds and the reason for (f) is that we hope by regulation—and it is only by regulation that we can deal with this kind of situation—to try to meet the kind of cases he had in mind, and which were also referred to by the hon. member for Comox-Alberni. The words "except as prescribed by regulation" in paragraph (f) will mitigate somewhat the exclusive result created by the general terms of paragraph (e).

Much has been made today and last week of the fact that the bill does not define "total and permanent disability." Now, as the hon. member for Prince Albert has pointed out, this is a very difficult matter to define. The hon. member for Lanark thought we should define total and permanent disability in the bill. But I am sure on reflection he would agree that is neither desirable nor possible.

In the Ontario measure, which we have followed very closely, there has not even been an attempt to define it under the regulations as we are going to do. The experience in Ontario has been that it was best not to define it at all. They did not even propose to do it by regulation as we are going to do. We have examined the legislation in over 30 states in the United States. Our officers have visited and talked to the officials there, and the vast majority of the states do not in their legislation define total and permanent disability. In one or two instances where it has been defined in the law itself they have got into all sorts of trouble because experience has shown that there is need for change. The best judgment we could get from the states we visited, and from Ontario, Alberta, and Newfoundland, where they have had some experience, was that we should not define it in the bill, except to state it in general terms, and that we should try instead to define it by regulation.

We will do exactly what the hon. member for Prince Albert suggested, namely, we will submit to the provinces a definition for regulation purposes which, of course, will receive their consideration and, we hope, approval.

As I said when I spoke in the house, what we have in mind is a definition along the lines of what they have generally used in Ontario by the use of the words "permanent and total disability". We mean a disability is "permanent" in the sense that it cannot be corrected within the foreseeable future, and we mean "total" in the sense that a person cannot perform the ordinary activities of daily living without the assistance of another person.

In the definition we have in mind we do not intend to have the limitation which now exists in Alberta of a twelve-month period. I think we will have no difficulty, in fact, I know we will have no difficulty, with the province of Alberta in that particular.

In order to give the committee an indication of our intentions as regards the kind of regulation which we hope will represent the wishes of both the provinces and ourselves, I might add that we will mean by "permanent" a disability to which the concept of cure cannot be applied and which is not likely to improve, or which is likely to continue throughout the lifetime of the individual.

That does not mean to say that that necessarily will be the case. It does not mean to say that rehabilitation measures will not be pursued as they are going to be pursued, and as other sections of the act indicate. But that would be a guide.

Total disability will be regarded as total—and I am not now suggesting what the regulations will be, but what we are thinking about—if, as a result of the impairment, a person is severely limited in activities pertaining to self-care or normal living.

Mr. Diefenbaker: Would the minister allow a question? What exactly did he mean in the reference he made a moment ago to the fact that a person would require the assistance of another person?

Mr. Martin: In some of the states that is their definition but it would not necessarily be ours. The general characterization I used was taken from the Ontario pamphlet describing the operation of the Ontario legislation. It is the Ontario pamphlet which says that disability must be permanent in the sense that it cannot be corrected in the foreseeable future and total in the sense that a person cannot perform the ordinary activities of daily living without the assistance of another person. That is the Ontario requirement. When I referred to this matter the other day I did not use the phrase "without the assistance of another person". That is the Ontario characterization but it is not an exclusive definition. It is just a characterization given in the Ontario pamphlet as an indication of what they have in mind.

Mr. Diefenbaker: A kind of rule of thumb.

Mr. Martin: A rule of thumb, a norm; something to approach. Because of the lack of a detailed definition, what they have done in Ontario and in Alberta is to use their good judgment in each case, to look at the context and to see whether in that context, having in mind all the circumstances, the person comes within the kind of general rule of thumb to which my hon. friend refers.

As to the age of 18, may I say that in the Alberta act the age is 21 and in the Ontario act the age is 18. The age of 18 represents the age desired by the majority of the provinces. I will not say that if all the provinces come into this program the qualifying age will be 18 in all cases. I think that some of the provinces may want to stay at 21. But 18 was the earliest age to which the provinces were prepared to go. No province thought that at this time we should go below the age of 18, which is the age in the Ontario act and is the age which we think we at this time should follow.

Likewise, the amount of the allowance is one that first of all is consistent with the benefits paid under the Old Age Security Act, the Old Age Assistance Act, the Blind Persons Act and was the amount to which

the provinces agreed. No province suggested more. In fact, I cannot say that all the provinces will be prepared to pay disability allowances at $40. However, I hope they will be prepared to do so. In any event, there would be no difficulty, under the act, in their having either some age higher than 18 or an amount less than the amount for which we are providing basically in the act.

As I said in my statement in chief, we hope that this measure will cover roughly between 25,000 and 35,000 persons. It is difficult to estimate what the number will be. When we decided on this measure we had to make certain estimates, naturally, as to cost. That is something which it is not very easy to do. However, using the figures in Alberta and in Ontario we roughly concluded that we would be covering a group numbering between 25,000 and 35,000.

The kind of case which my friend, the hon. member for Yorkton, had in mind obviously cannot be covered by this measure. This is a measure for disabled people. However, in the case he mentioned, I am sure that by rehabilitation measures some mitigation of the difficulty could be anticipated.

Mr. Chairman, I do not think I need to comment on any further matter that has been raised, except to indicate that there might be in this bill features that would not be there if it were dependent entirely on the act of the federal government alone. But this is an attempt to meet a need in a co-operative partnership with the provinces. It represents the most common denominator that could be arrived at. We do not want to put in the bill provisions which we know the provinces would be unwilling to accept or which they would find it difficult to accept. With those comments I think I may say that we look forward to this act providing, in co-operation with the provinces, valuable assistance and help to an extremely important group of our people.

Mr. Diefenbaker: Mr. Chairman, I should like to have the minister make one further explanation. It is in connection with section 3, subsection 2 (f), which reads as follows:

(f) is not a patient or resident in a hospital, nursing home, or private, charitable or public institution, except as prescribed in the regulations;

That provision denies a person payment of this allowance while a patient in the institution named, "except as prescribed in the regulations". What has the minister in mind to include in the regulations in order to restrict what, on the face of it, would appear to be a limitation that goes too far? To what degree does the minister contemplate offering to the provinces the suggestion, to be accepted by them, that under certain circumstances such a patient would be entitled to payment?

Mr. Martin: On the surface it does seem to be restrictive. The purpose of having in the bill the phrase "as prescribed in the regulations" is to permit giving disability allowances, under certain circumstances, to certain people who are actually assuming the financial responsibility for the care they are receiving. This bill follows the lines of the Ontario act. It is not intended to provide disability allowances to the institutions that are provided for by the community, the municipality or the province. While the provision in paragraph (e) is not as exclusive as that in paragraph (d), nevertheless some of these institutions—hospital, nursing home or private, charitable or public institution—may be institutions providing care to people who are receiving moneys at the public expense. It is not intended to provide disability pensions for them unless they are actually providing for themselves. The only way we can deal with the matter in respect to all the many kinds and varieties of institutions is to wait until we are faced with a particular kind of situation. Then, if it comes within the category we intend to cover we will frame regulations so as to permit us to pay the disabled people being cared for therein. This provision is generally the same as the one in Ontario.

Mr. Knowles: When the minister was answering the point about the requirement of ten years' residence in Canada in order to qualify for this allowance, he said it was felt by the government that this legislation should be made to conform, as far as possible, to the Blind Persons Act, in view of the fact that both of them might be regarded as disability legislation. He pointed out that the ten-year requirement is in the Blind Persons Act and, as I say, he indicated that, in his view, that was one reason for having the ten-year requirement in this legislation. Without accepting that as a reason for the ten-year requirement being justifiable in either case, may I ask the minister why that argument is not carried over to the question of the division of the costs between the federal government and the provinces? As he knows, under the Blind Persons Act the division is on a 75-25 basis whereas in this legislation, which he characterizes as being comparable to the Blind Persons Act, the split is 50-50. My reasons for urging that the split be 75-25 rather than 50-50 are, in the main, two in number. First, I think that recognition should be given—and a 75-25 split would accord that recognition—to the fact that a great many people who might be

regarded as disabled persons are covered by provincial moneys of one kind or another; and if they are covered by grants in the form of mothers allowance, assistance from the province or from the municipality or are in various homes, they are excluded from receiving assistance under the legislation which is now before us. As I say, I think that recognition should be given to the fact that a great deal of provincial and municipal money is going to the assistance of persons who are disabled or incapacitated in one way or another. My other reason for urging a 75-25 split rather than 50-50 is, as I indicated at an earlier stage, that it would make it possible for the provinces with their more limited resources to pay their share of a higher allowance and their share of an allowance that might start at an earlier age.

I listened with interest to the remarks of the minister as to the age at which the allowance would start. I noted in particular his statement that the mere fact that the age of 18 is set out in the bill does not mean that all the provinces will start at 18 but that in a sense it is permissive legislation as is the maximum amount of $40.

Mr. Martin: I think most of them will.

Mr. Knowles: I am glad to hear that. I am hoping they will. Since the age of 18 is in a sense a permissive figure that is all the more reason why the age of 16 might have been inserted in this bill so that any province that wished to take advantage of it could do so. I believe there is only one province, and I am glad there is only one, which does not take advantage of the full amount provided under the Old Age Assistance Act. This act is set up in the same way. It is possible for a province under this legislation to pay something less than $40 and to start it at a higher age than 18.

One cannot force these things on the provinces, but if it were a 75-25 split rather than 50-50 the provinces would be in a better position to carry their share of the cost of legislation of this kind. However, I should like to hear from the minister as to why he does not feel that this legislation should conform to the Blind Persons Act in that other respect, namely, splitting the cost 75-25.

Mr. Martin: Carried.

Mr. Knowles: I said I should like to hear from the minister on that point.

Mr. Martin: It is just a matter of policy. We felt we had saved the provinces a great deal by assuming full responsibility for the 70 and over group, and that was one of the reasons.

Mr. Knowles: I feel that the provinces are saving the federal government considerable money—

Mr. Martin: I know. You made that point.

Mr. Knowles: —to the extent that, even with this legislation, they are being left with many people for whom they will still have to care. I think the federal government should have gone further and should have put this on a 75-25 basis rather than 50-50.

Mr. McIvor: Ontario.

Mr. Fraser (Peterborough): I should like to ask the minister a question about subclause 2 (f). I did not get the minister's full explanation with respect to nursing homes or private institutions. I have in mind a man who is only 61 years of age and is in a private nursing home. He will never get any better. It is taking practically all the income of the family to keep him there, but he refuses to be moved to some provincial institution.

Mr. Martin: That is the purpose of (f).

Mr. Fraser (Peterborough): Will he be covered?

Mr. Martin: That is the purpose of (f).

Mr. Fraser (Peterborough): Will he be covered?

Mr. Martin: I do not know all the facts, but that is the kind of case we have in mind in (f).

Mr. Fraser (Peterborough): The regulations would be extended to cover that type of person if it were proven that the family could not keep him?

Mr. Martin: That is the kind of situation we have in mind in (f).

Mr. Fraser (Peterborough): But it would have to be proven that the family could not keep him before this legislation would be of any use to them?

Mr. Martin: Not necessarily. It depends upon who is keeping him. That is the kind of situation we want to cover by this clause.

Mr. Fraser (Peterborough): You would cover it?

Mr. Martin: I say that is the kind of situation.

Mr. Fraser (Peterborough): Wait. If they could pay for him he would not be covered?

Mr. Martin: No. What we are trying to do under (f) is to deal with the situation of people who are in certain kinds of private institutions and are not being cared for by the state in one form or another. If in the case you have mentioned the family is paying fully for the care of that person, obviously

that person should qualify and under this provision will qualify. That is the very reason for clause (f) to which my hon. friend has referred.

Mr. Shaw: On a previous occasion I raised the question of physical and/or mental disability. May I conclude that the definition of totally and permanently disabled will be broad enough to cover a person who is mentally retarded but is not confined to an institution?

Mr. Martin: I forgot to deal with that earlier. As my hon. friend knows, in Alberta that kind of person originally could not qualify. They have amended their regulations, and certainly that would meet our situation.

Mr. Knowles: I have one other question. In the *Labour Gazette* of April, 1952, at page 424, I find that at the formation of the national advisory committee on rehabilitation the Minister of Labour—

> . . . announced that the ultimate objective of the rehabilitation program was to make available to the estimated 100,000 seriously disabled persons of working age in Canada the best treatment obtainable and the possibility of becoming rehabilitated to the point of being able to earn their own living . . .

I should like the minister to relate the 25,000 to 35,000 persons whom he expects to be covered by this legislation—that includes persons 18 years of age and over—with the figure of 100,000 seriously disabled persons of working age in Canada as indicated by the Minister of Labour.

Mr. Martin: A lot of the cases to which the Minister of Labour referred were of course veterans, workmen's compensation cases, total hospital cases and so on.

Mr. Knowles: I am not too sure about that. I believe the hon. member for Antigonish-Guysborough put figures on that point on the record this morning, and if one includes the types of cases now referred to by the minister the figure would be much higher than 100,000. I understand that the Minister of Labour was referring to people who are not now obtaining treatment. He said that the purpose was to make available to the estimated 100,000 seriously disabled persons of working age in Canada the best treatment obtainable and the possibility of becoming rehabilitated.

Mr. Martin: I cannot add anything to what I have said the situation is. I cannot say any more.

Mr. Knowles: Then I point out that there is a terrific gap between the number who will be covered under this legislation, with its restrictive provisions, and the number of seriously disabled persons of working age in Canada.

Mr. Kickham: I should like to say a word or two on this section. I want to congratulate the Minister of National Health and Welfare on the introduction of this most necessary legislation. I think members of the House of Commons and the people of Canada generally felt the need of including in our social security program the very persons whom this legislation is meant to cover. I think it will round out our social security program. I cannot think of any other group in Canada who will be excluded once this legislation has been passed.

I like the suggestion of the hon. member for Winnipeg North Centre that the federal government should pay 75 per cent of the cost and the provinces 25 per cent. This would be most acceptable, particularly in the four Atlantic provinces, because as the government and the minister appreciate it is most difficult for those provinces to raise the necessary funds on a dollar for dollar matching basis. I am thinking also of patients who have been hospitalized in sanatoria. This might not apply in the other provinces of Canada but I know that it applies in the province of Prince Edward Island. When the patient becomes sufficiently well to be discharged from the sanatorium our province provides no assistance for this arrested case, except I believe some form of relief which would not amount to more than $10 or $15 per month. I feel quite confident such persons would become eligible for aid under this new legislation.

I repeat that this legislation is evidence of the keen interest and the anxiety that our present Minister of National Health and Welfare has for every man, woman and child in Canada. As the member for Antigonish-Guysborough said this morning, it is indicative of the interest this government takes in every citizen in Canada. We do not wait until the public demands the passage of such beneficial legislation for our citizens. We did the same thing in 1951-52 when legislation was introduced covering our old age security program. I just wish again to congratulate our minister and the government upon the introduction of this most beneficial legislation.

Mr. Castleden: I should like to make this remark in closing, Mr. Chairman. We have tried not to talk too much about the political side of this question, but I have heard a number of speeches today about the great Liberal party and what it has been doing.

Some hon. Members: Hear, hear.

Mr. Castleden: I should like to point out this one simple fact. Before this bill has gone through the house, practically every province in Canada has passed enabling legislation to carry out the purposes of this measure. This is a sign that this government is late in introducing the measure.

Clause agreed to.

On clause 4—*Amount of payments by government of Canada.*

Mr. Zaplitny: Is it correct to assume that all the cost of administration will be borne by the provinces, or will the federal government contribute in some form?

Mr. Martin: We will pay our own costs and they will bear theirs.

Mr. Knowles: How do they compare?

Mr. Martin: I will tell you that next year.

Mr. Knowles: The minister is not usually so ill-informed about his own legislation. Has he no idea as to how the administration costs will compare, as between what will fall upon the provincial governments and what will fall upon the federal government?

Mr. Martin: I would not want to speculate.

Mr. Knowles: What is the matter with the minister today?

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Census records.*

Mr. Montgomery: This clause refers to census records taken more than 30 years ago. I should like the minister to comment on that point. When that happens to be the only method of proving age, it is a long way to go back.

Mr. Knowles: Especially for someone only 20 years of age.

Mr. Montgomery: I was wondering why that could not be made a lesser period.

Mr. Martin: I do not think that would help us. The 30-year period, I think, is quite justified. We want to have the records as accurate as possible and that was thought, by the census officials, to be desirable. It is the same as the old age assistance provision.

Mr. Zaplitny: I was going to raise the same point, and I do not believe the minister's answer is quite satisfactory. I have had considerable experience in recent years in matters of this kind, and I know there are many people in Canada who will not be able to go back 30 years because they may not be 30 years of age or may not have lived in Canada for 30 years. The applicable words in the clause are, "contained in the returns of any census taken more than 30 years before the date of the application for such information." The reference is to more than 30 years. In the prairie provinces, as the minister may know, the census is taken every five years, whereas we understand in the rest of Canada it is taken every ten years. This will mean a person may have to go back 35 years or in eastern Canada perhaps 40 years. I see no particular reason for it.

I have had considerable correspondence with respect to a similar matter under a different act, and I have yet to understand the reason for going back 30, 35 or 40 years in order to compare the census records with the claimed age of the applicant. The procedure will be useless for a large number of people. I certainly hope the minister will consider shortening the period. After all, there will be cases, as the hon. member to my right mentioned, where that will be the only method of proving age. If a person happens to have lived in Canada only 20 years, and he is asked to go back to census records 30 years ago, obviously that procedure is of no value to him. The same would be true of a person younger than 30 years of age. Since the second census records in most parts of Canada are available at ten-year intervals, it means a person may have to go back 40 or 50 years.

Mr. Martin: I want to say that there is quite a lot in what the hon. member said. But the census is by no means the most accurate way of proving age. As a matter of fact, it is not any proof at all, in the final analysis. We have not had a great deal of difficulty with this same procedure under the old age security measure. The dominion bureau of statistics, under whom the census comes, have asked us to leave this in and try it to see how it works. I think there is a lot to what the hon. member said, but we will see how it works.

Mr. Zaplitny: Under the old age security regulations no provision is made for a tribunal in case of failure to prove age by any documentary evidence.

Mr. Martin: We will do the same here.

Mr. Zaplitny: I am hoping there will be such a provision under this measure.

Mr. Martin: That is right.

Clause agreed to.

On clause 7—*Provisions of agreement.*

Mr. Shaw: Those of us who were around here about 12 years ago might recall a three-hour debate that revolved around the

word "domicile". If my memory serves me correctly, we were no nearer a solution at the end of three hours than we were at the beginning. For that reason, I hesitate to ask this question. In paragraph (d) subparagraph (v), we see the word "residence" used. Could the minister indicate to us what the department has in mind? It says:

. . . where a recipient, who has been granted an allowance, transfers his residence to some place out of Canada—

I believe that is of some concern because we do know of persons who find it necessary to leave the country, sometimes for rather extended periods, in search of treatment. I would be quite concerned, for that reason, if the word "residence" were not quite clearly defined. After all, it would be tragic if we later found that because a person was out of the country three or four months following the doctor's orders, he might be barred from further payments under the act. Would the minister indicate what the thinking of his officials may be in this respect?

Mr. Martin: I recall the difficulty to which my hon. friend referred, and of course with regard to the word "domicile" there is a difficulty because a person can be domiciled in a place without living there. This has produced all sorts of difficulties, as lawyers know. I do not believe the same difficulty is experienced with residence. It is the place where a person normally is in residence. We shall do our best to interpret these measures as fairly and as liberally as we can.

Mr. Knowles: Is it clear from this clause—and I am looking at 7 (d) (ii)—that there is no minimum length of time that a person has to be within any one province in order to qualify for the allowance? I take it he has to be in Canada 10 years, but that he can get it in whatever province he has resided for the longest period of time during that 10 years.

Mr. Martin: So far as the federal act is concerned, that is so.

Mr. Knowles: Have the provinces the right to make regulations any more restrictive in that respect?

Mr. Martin: They have the power to make regulations. Under section 7 (a) the province may specify the minimum age of a recipient, and any other condition of eligibility set forth in the provincial law. I do not think they will, but that is the fact.

Mr. Knowles: I suggest the minister should be more communicative on that point.

[Mr. Shaw.]

Mr. Martin: I cannot be more communicative without being needlessly loquacious—or characteristically loquacious.

Mr. Knowles: The latter is correct.

Mr. Martin: All right, if you will; I am willing to give in to anything to meet the hon. member. I cannot say anything more than that. I do not think the provinces will. If they do wish to, the power is there.

Mr. Knowles: The expectation is that—

Mr. Martin: The expectation is that they will not.

Mr. Knowles: And that, so long as a person is 10 years in Canada, and meets the other conditions, he will be able to qualify for the allowance in some one of the provinces?

Mr. Martin: That is correct.

Clause agreed to.

Clauses 8 to 12 inclusive agreed to.

On clause 13—*Coming into force.*

Mr. Knowles: I wonder if the minister could break down, now, and tell us when it is intended to have this act come into force.

Mr. Martin: My hon. friend heard me say on many occasions, "just as soon as possible", and that is the situation here.

Mr. Knowles: I have been hearing the minister say that ever since he became a minister.

Mr. Martin: The minister is a highly efficient man, and does things as quickly as he can.

Mr. Knowles: In this case, at what point will the minister's high efficiency and speed result in this act coming into force?

Mr. Martin: I hope just as quickly as it is possible under the circumstances so to do. And may I say to my hon. friend, seriously, that we want to have it proclaimed as quickly as possible so that the great benefits of this act may go to the people we intend to cover.

Mr. Knowles: Will the act be proclaimed in this calendar year?

Mr. Martin: You have something to say about that.

Mr. Zaplitny: I understand nine of the ten provinces have indicated their participation in the act. Is it the intention of the government to wait for the tenth province before having it proclaimed, or will that not be a factor in the date which will be set?

Mr. Martin: I would want to give that more thought. I do not think—no, I can say that we will proclaim this measure as quickly as we can. We will not wait for all the ten provinces, because all of them might not come in. I think they are all going to come in, and I am hoping that every province will come in—even that province which has not now enabling legislation. I am hoping that it will signify its formal intention soon to take advantage of this measure.

Mr. Knowles: There is no reason why it could not be proclaimed this month, is there?

Mr. Martin: My hon. friend asks me questions the answers to which are perfectly obvious.

Mr. Knowles: What is the obvious answer to that question?

Mr. Martin: That is obvious.

Mr. Montgomery: May each province have a separate agreement?

Mr. Martin: Yes, as soon as this measure is passed by the other place we will then seek to have agreements concluded with each province. As a matter of fact I may say, just to show that there is no waste of time on our part, that we are ready now to sit down and discuss the matter with the provinces, and to sign.

Clause agreed to.

Bill reported.

Mr. Martin moved the third reading of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before this bill passes I want to say once again that we welcome it most wholeheartedly. We are glad to see legislation of this kind being put upon the statute books of this country. I wish to make it clear, however, that we will continue to work for improvements in this as in other social security legislation. We believe that the amount of the allowance should be brought up to $60, and that it should be payable at the age of 16. We believe that the split between the federal government and the provinces should be on a ratio of 75-25 rather than 50-50; and we believe that if the means test cannot be abolished at least the permissible income ceilings should be raised.

For these and other improvements we shall continue to work.

Mr. Sinclair: You should be on a radio give-away program.

Motion agreed to and bill read the third time and passed.

VETERANS BENEFIT ACT

PROVISION OF VARIOUS BENEFITS TO MEMBERS OF ARMED FORCES

The house in committee on Bill No. 101, respecting benefits for members of the Canadian forces—Mr. Lapointe—Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Harris: One o'clock.

At one o'clock the committee took recess.

The committee resumed at 2.30 p.m.

The Chairman: We are dealing with Bill No. 101, in respect of benefits for members of the Canadian forces. Shall clause 1 carry?

Clauses 1 to 11 inclusive agreed to.

On clause 12—*Application of part V of revised statutes, chapter 273.*

Mr. Bennett: The special committee on veterans affairs recommended for consideration of the government an amendment to paragraph (c) of subclause 2 of clause 12. I understand that the Minister of Finance is prepared to move an amendment to this clause.

Mr. Abbott: I move that Bill No. 101, respecting benefits for members of the Canadian forces be amended by substituting for paragraph (c) of subclause 2 of clause 12, relating to the Unemployment Insurance Act, the following:

"(c) every person who was a member of the regular forces on and immediately prior to the 4th day of July, 1950, and thereafter without any interruption in service as such member, was on service in a theatre of operations on the strength of the special force and was discharged from the regular forces within three years from the date he ceased to serve on the strength of the special force; and"

Amendment agreed to.

Clause as amended agreed to.

Clauses 13 and 14 agreed to.

Title agreed to.

Bill reported, read the third time, by leave, and passed.

NATIONAL HARBOURS BOARD ACT

AMENDMENTS RESPECTING POLICING, HARBOUR TOLLS, ETC.

The house resumed, from Monday, June 7, consideration in committee of Bill No. 421, to amend the National Harbours Board Act—Mr. Chevrier—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose previously clause 3 had been allowed to stand.

On clause 3—*Police constables.*

The Chairman: Shall clause 3 carry?

Mr. Chevrier: Mr. Chairman, since the adjournment of the discussion of this clause yesterday, I, together with my parliamentary assistant, have had an opportunity to consider the suggestions which were made by the hon. member for Prince Albert and the hon. member for Vancouver-Quadra. The committee will remember that the clause is one having to do with the appointment of peace officers. The point raised by the hon. member for Prince Albert was that the national harbours board should not take unto itself greater powers than the Canadian National Railways have taken in the appointment of such peace officers, and that the appointment should be made by a judge of the superior court or the county court judge. Perhaps the point is well taken, and it will be possible to propose an amendment in the course of the next few minutes which I think will meet the difficulty.

However, after very careful consideration, it has not been possible to meet the point raised by the hon. member for Vancouver-Quadra. I refer to the mileage over which the peace officers would have jurisdiction, and the suggestion that it should be reduced from 25 miles to 5 miles or 1 mile. There is a serious difficulty in the city of Montreal which could well arise in other cities such as Vancouver. It has been brought to my attention that the committee on railways, canals and telegraph lines gave careful consideration to this matter and saw fit to recommend the bill to the house with an amendment reducing the jurisdiction from 50 miles to 25 miles. That committee gave it careful consideration, and so did we, and we feel that there should not be a further reduction. I should therefore like to ask my colleague, the Minister of Finance, to move the following amendment.

Mr. Abbott: I move that clause 3 of Bill 421, an act to amend the National Harbours Board Act, be amended by striking out lines 29 and 30 on page 1 thereof and line 1 on page 2 thereof and substituting therefor the following:

"4A. (1) Any superior court judge within whose jurisdiction property under the administration of the board is situated may, upon application to him by the board, appoint any person as a police constable for the enforcement of this act and the bylaws"

Mr. Chevrier: Then of course the clause would go on to read just as it is in the bill, together with subclause 2 and clause 4.

[Mr. Abbott.]

I am also asking my colleague, the Minister of Finance, to move another amendment.

Mr. Abbott: I move that the said clause 3 be further amended by adding to the proposed new section 4A the following additional subsection:

"(3) Any superior court judge referred to in subsection (1) or the board may dismiss any police constable appointed under that subsection, whereupon all powers, duties and privileges belonging to or vested in such constable by virtue of this section are terminated."

The Chairman: Shall the amendment carry?

Mr. Diefenbaker: Mr. Chairman, this amendment meets in large measure the objections that I took yesterday to the previous clause 4A, which would have given the board the authority to appoint police officers. This provides that a superior court judge within whose jurisdiction property under the administration of the board is situated may appoint any person as a police officer for the enforcement of this act, also dismiss anyone appointed under that subclause. That in general covers the situation raised by myself as to the danger to our system of having appointments of police officers made by boards. In so far as it covers that question it removes a major source of objection.

Mr. Green: Mr. Chairman, dealing with the second point raised by the minister, I might point out he has declined—

The Chairman: Order. I wonder if we might dispose of the discussion on the amendment before we proceed to other aspects of this subject? Is there any further discussion on the amendment?

Some hon. Members: No.

Amendment agreed to.

The Chairman: I also have a second amendment moved by Mr. Abbott dealing with the same subject. Shall the amendment carry?

Mr. Diefenbaker: Mr. Chairman, I would just like to say that that meets the objection that was taken. Apparently any objection to this method of appointment did not go before the committee, and I felt yesterday when I raised the matter that it encompassed a dangerous situation. I want to thank my hon. friend for giving consideration to the introduction of an amendment such as this, which covers the points which I raised.

Mr. Chevrier: May I suggest to the hon. member that he try to convince his colleague as regards the soundness of the present position?

Mr. Diefenbaker: I had quite a job convincing the government.

Amendment agreed to.

Mr. Green: Mr. Chairman, we now come to consideration of clause 3 as amended and the point which worries us is that the national harbours board under this clause will have the power to have constables appointed who will have jurisdiction 25 miles beyond the national harbours board property in any direction.

We believe that that is both unnecessary and unwise, and I propose to move an amendment cutting that distance down from 25 to 1 mile. It is significant, Mr. Chairman, that if we turn to the Railway Act, which the minister has followed in making the amendment suggested by the hon. member for Prince Albert, we find that a judge appointing a constable under the Railway Act for a railway company can appoint that constable only to act on and along such railway.

These qualifying words can be found in the last line of subsection 1 of section 456 of the Railway Act. In other words, the judge appoints a constable to act only on and along that particular railway.

Now, it is worth while to see just what powers the harbour commissioners and the national harbours board have had in the past in the appointment of constables. For example, I find this provision contained in the Vancouver Harbour Commissioners Act, chapter 54 of the 1913 statutes, under section 19, which gives the power to make bylaws, and we find that the corporation may make bylaws for the following purposes:

(b) To regulate and control navigation and all works or operations within the harbour and to appoint constables and other officers to enforce the same or to enforce the provisions of any statute or marine regulation.

Obviously the power there was merely to appoint constables to act on the property of the Vancouver harbour commissioners and to enforce any statutes or marine regulations which applied to the harbour commissioners' property.

I have not had an opportunity of looking up the acts setting up the other harbour commissions, but I presume that much the same powers were granted in each case. The intention obviously was that these harbour commissions could appoint someone to look after their own property and the goods passing over that property.

Then, when the national harbours board was set up in 1936 and given power to take over the control of the seven national harbours in Canada, we find that it was given power under section 4 as follows:

The board may employ such professional, technical and other officers, clerks and employees as it may deem necessary for the proper conduct of its business.

Under that authority the board, at least in Vancouver, and I presume the same is true of the other national ports, had the power to appoint a small local force to keep order on the national harbours board property, in much the same way as the C.P.R. and C.N.R. have railway constables to keep order on their property. But the force is not a trained one in any sense of the word. In effect, that police force is a sort of glorified watchman service, though, of course, it fulfils a very useful function.

But now the national harbours board is seeking greatly to extend various powers by the amendments in the bill, and is asking for power to set up a police force. I mentioned in the committee that their constables were not trained, and I think the parliamentary assistant, or one of the officials of the national harbours board, said, "Well, we are going to give them some training". That would mean that in Vancouver we will have another police force right in the business section of the city, despite the fact that we have an efficient city police force now. The R.C.M.P. are policing all of the province outside of the cities which have their own police force and they are doing an excellent job. Why on earth should a harbour police force be set up now?

There is no objection to their carrying on their duties within the national harbours board property or within a reasonable distance of that property, but this bill, if passed, will give them the power to appoint persons to act as police officers for a distance of 25 miles from the national harbours board property in every direction. That would mean that in Vancouver the harbour police could go into any part of the city and make arrests and, in effect, act as ordinary constables.

Surely there is no justification for setting up a duplicate police force of this kind. We do not want the harbour police running around our city making arrests. If arrests have to be made in the city, let them be made by the city police, and let the harbour police co-operate with the city police and have the arrests made through them.

There is no reason at all why the citizens of Vancouver should be subjected to a harbour police force coming into their homes or acting in the same way as the regular city police force.

Mr. Chevrier: This bill does no such thing.

Mr. Green: But this bill does do such a thing. If something is stolen from the harbours board property then the harbour police would have the same right as the city police to come into the city and arrest the person who is alleged to have stolen the goods. Not only that, the distance is so great that they can arrest people in the New Westminster area. New Westminster is about 12 miles from Vancouver. By giving Vancouver harbour police jurisdiction over 25 miles, you bring about the result that these Vancouver harbour police can walk over on to another harbour commission's property and make arrests. Fortunately the New Westminster harbour commission does not come under the National Harbours Board Act. They do not have to carry that load. But here they are going to be in a position where the Vancouver harbour police can make arrests on the New Westminster harbour commission's property.

I submit that there is absolutely no reason for establishing a police force with that jurisdiction. We need only go back to the Railway Act, and there we find just what sort of power should be given to a police force of this kind. Section 457 of the Railway Act, under the heading of "Territorial limits and powers," contains these provisions:

(1) Every constable so appointed, who has taken such oath or made such declaration, may act as a constable for the preservation of the peace, and for the security of persons and property against unlawful acts

(a) on such railway, and on any of the works belonging thereto;—

We have no objection to these harbour police having jurisdiction over harbours board property. No one is questioning the wisdom of going that far. The section continues:

(b) on and about any trains, roads, wharfs, quays, landing places, warehouses, lands and premises belonging to such company, whether the same are in the county, city, town, parish, district or other local jurisdiction within which he was appointed or in any other place through which such railway passes, or in which the same terminates, or through or to which any railway passes which is worked or leased by such company; and—

The minister will notice that again the power is confined to the railway.

—(c) in all places not more than a quarter of a mile distant from such railway.

If the railway police who are a proper police force—and who are a great deal better trained and much better qualified than this other police force is going to be—are to be restricted to one-quarter of a mile from railway property, why should the harbour police be given jurisdiction over 25 miles? That is a move the justification for which I cannot see.

[Mr. Green.]

The minister today mentioned that he needs this power in Montreal. It may be that in Montreal the harbours board cannot get co-operation from the city police or from the provincial police. I would not be surprised to learn that that is the case, that the harbours board police do not get on with the other police, and hence want the power to run out into Montreal, 25 miles from harbours board territory, and to make arrests. But that condition does not exist in Vancouver and I do not believe it exists in any of the other national ports of Canada.

If there is a situation to be met in Montreal, and the Montreal members in this chamber are willing to have the harbours police making arrests in the city of Montreal outside of harbours board property, then let us restrict this 25-mile provision to the port of Montreal. There is no reason why the six other ports should be penalized in order to meet a situation which may or may not exist in the port of Montreal. This is one country, but there is no reason why one port should force a thing like this on six other ports. If there is such a thing as majority rule, surely it should apply in this case. The national harbours board is taking this drastic power in violation of a principle governing the enforcement of our Canadian laws. I suggest that no governmental body should be given police jurisdiction over other territory for a distance of 25 miles.

I therefore move:

That clause 3 of Bill No. 421 be amended by deleting the word "twenty-five" where it appears in the thirteenth line of the proposed section 4A.(1) and the word "one" be substituted therefor.

Mr. Winch: Mr. Chairman, I rise in support of the amendment that has been moved by the hon. member for Vancouver-Quadra. I listened carefully to all the arguments that were presented in the committee of the House of Commons that studied the bill. I have also listened carefully to both the minister and the parliamentary assistant. Neither of them has yet, to my satisfaction, brought forward any argument in support of the reason why the harbour police should have all the authority of a police officer under the Criminal Code to a distance of 25 miles beyond the property which is owned by the harbours board or is administered by it.

I completely fail to understand how the minister can differentiate between the rights, the responsibilities or the jurisdiction of the special constables of the harbours board and those of the constables on the railways of this dominion. We have in the city of Vancouver the termini of the Canadian Pacific

Railway, the Canadian National Railways and the Great Northern Railway. They all have their own constables under the terms of the Railway Act. What are the duties of those special constables? Their duties are responsibility for the protection of the property of those three railways and the protection of goods in transit over those railways so long as they are on the properties of those railways. I have yet to hear of any request being made by the railways or any suggestion being made by the government that the authority which has been there for years should be changed and that those special constables who are guarding the property of the railways and the goods in transit over them should have their jurisdiction extended beyond a quarter of a mile, as it now exists under the present act.

That being the case, and no suggestion of altering that situation having been made, whence comes the differentiation as far as the harbours board property is concerned? Harbours board property is at a port and the duty of any constable is the protection of the property owned or administered by the harbours board and the protection of the goods in transit at that time in the possession of the harbours board. With regard to their complete responsibilities, the harbours board police are absolutely no different from the special constables of the railway systems of Canada. Then on what basis, on what line of logic and reasoning—when their duties and responsibilities are absolutely identical—should harbours board policemen have authority under the Criminal Code as peace officers for a distance of 25 miles outside harbours board property while the railway constables have jurisdiction only up to one-quarter of a mile from a railway. It does not make sense in any way, shape or form. I am therefore heartily in accord—and if I had my way it would be done—with bringing the jurisdiction of constables of the harbours board in line with the provisions of the Railway Act. However, I think my friend the hon. member for Vancouver-Quadra is trying to do as was suggested by the minister yesterday. He is trying to be reasonable. He has come up with a compromise. His amendment will mean that harbours board policemen will have jurisdiction extending three-quarters of a mile farther than the jurisdiction of the railway police.

There is another phase which I think should be mentioned, the possibility of a clash of jurisdictions. When the police authorities are doing a good job and carrying out their responsibilities in a city such as Vancouver, I think such duties should be left to them. If my experience counts for anything, when any breach of the Criminal Code takes place on railway or harbours board property it is the local police force that does the investigating and lays the charge. I can remember when two policemen were shot on railway property in the city of Vancouver a few years ago. It was not the railway police who undertook the investigation. It was the local Vancouver police force. When it comes to areas outside harbours board or railway property, I think it is a matter for the local police force. If it should happen that an instance occurs, such as we were told about both here and in the committee, where one city police force does not co-operate, that is really no reason for causing a disturbance in the other harbour cities of the dominion.

I have only heard one reason given why the harbours board wants authority over such a large area beyond the property of the board. That was the reason that the harbours board either owns or operates a bridge in Montreal and that unless they have this jurisdiction they cannot catch a speeding car or motorcycle if it happens to get away from the end of the bridge. To me that is a pretty poor reason to ask for a change of the type being sought in section 3. Moreover, there is also this point. Even if an infraction of the law involving stolen goods does take place on property owned or administered by the harbours board, the policeman cannot conduct a search without obtaining a search warrant. Therefore he has to go before a justice of the peace or magistrate of the county or town before he can search.

Having to do that, surely right then and there is the time to place the actual responsibility in the hands of the local police force, whether city or provincial, which enforces justice in the harbour city. For all these reasons, having listened very carefully to the minister and the parliamentary assistant, I say that the provision in section 3 for the extension of power to a point 25 miles distant from harbours board property is unnecessary and unjust. The case in support of the amendment rests on the fact that the responsibility of the harbour police is the same as that of the railway police in whose case it has been found satisfactory to limit their jurisdiction to a quarter of a mile. I support the amendment.

Mr. Chevrier: May I say one word in reply to what has been argued by the hon. member for Vancouver-Quadra and the hon. member who has just taken his seat. I should like to say first that this matter was dealt with fully

in the committee. It was also raised yesterday during the discussion of the bill. I undertook at adjournment to give the matter very careful and serious consideration. I did. I considered the matter in the light of the point made by the hon. member for Prince Albert and in the light of the argument made by the hon. member for Vancouver-Quadra, and I came back to the house with the amendment that has been submitted.

The response of the hon. member for Vancouver-Quadra was to repeat the same allegations and make the same charges against this clause as were made earlier. I can make the same reply. If the committee wants to put up with another speech by the Minister of Transport I will reply to the arguments made by the hon. member. But will it get us any place? After all, there is nothing so extraordinary, may I say to the hon. member for Vancouver East, in the powers being taken. There is nothing novel about these powers. They have these powers today.

Mr. Green: No, they have not.

Mr. Chevrier: They have the right to appoint constables who would have exactly the same powers. In fact, they could go away beyond 25 miles. As matter of fact, what the board is actually seeking to do is to limit the powers compared with what they were before.

Mr. Green: May I ask the minister a question?

Mr. Chevrier: My hon. friend—

Mr. Green: How on earth does he figure that out? I should like an explanation of how he can submit to the house that this measure is limiting the jurisdiction of the harbour police.

Mr. Chevrier: I should like an explanation—

Mr. Green: If that is the case, why not leave their powers as they are, and everybody would be satisfied?

Mr. Chevrier: I should like an explanation from my hon. friend as to why there is so much fuss about this section, particularly when it was discussed for almost two days in the committee on railways, canals and telegraph lines.

Mr. Green: On a point of privilege—

Mr. Hosking: Certainly it was.

Mr. Chevrier: I think I have the floor, Mr. Chairman.

Mr. Green: On a point of privilege—

The Chairman: Do I understand the hon. member is raising a point of order?

[Mr. Chevrier.]

Mr. Green: A question of privilege. The minister has just said this point was discussed for two days in the committee. In the first place the minister was not present in the committee for one minute and could not know of his own knowledge. In the second place, it was not discussed for two days. It was brought up there and we were voted down, but it was not discussed for two days or anything like it.

Mr. Chevrier: All right, Mr. Chairman, it was not discussed for two days, but the bill was considered for two days in the committee on railways, canals and telegraph lines. If my hon. friend wants to quibble with words to that extent, all right, I will let him have his way about it. But the bill was considered for two days in the committee on railways, canals and telegraph lines. Representations were made by a number of associations, so I am told, and the hon. member cannot rise in his place and say that this particular point was given no consideration. I do not think he is attempting to do that. No. On the other hand, a great to-do is made about the tremendous powers that are going to be taken by the national harbours board in this case. Let me tell my hon. friend that the national harbours board spends millions upon millions of dollars each year in the national ports of Canada, and I think it should have the necessary powers to protect the taxpayers' money.

Mr. Abbott: Hear, hear.

Mr. Chevrier: There has been handed to me an old act—and I ask the hon. member for Vancouver East to keep this in mind—which authorized the predecessor of the board of transport commissioners to appoint police officers with jurisdiction in the whole of a province. How does my hon. friend like that? How would he react to that?

Mr. Winch: I do not like it a bit.

Mr. Chevrier: He does not like it. Well, all right. If my hon. friend does not like it, then what I am saying to him is that this is a considerable reduction in the powers of the police officers who will be appointed by a superior court judge. I do not want to repeat here the reasons which were given or to make a distinction between the Canadian National Railways and the national harbours board because I think the position is not the same. So far as the jurisdiction of a police officer of a railway where the line runs from one end of Canada to the other is concerned, probably it is consistent that it should not extend beyond the quarter of a mile limit, but here the position is not at all the same. Men have taken property from the national

harbours board, have been sought beyond the limits of the property and because the warrants were not backed in the proper jurisdiction it was necessary in more than one case to lose the benefit of the law in respect of the person who was being chased.

Some hon. members seem to think that the police officer is going to have all the powers that an ordinary police officer has under the Criminal Code. The hon. member for Vancouver East seemed to hold that view.

Mr. Winch: I made that clear. I said all the powers of a police officer under the Criminal Code within 25 miles and concerning property of the harbours board or under its administration. I made that clear.

Mr. Chevrier: I accept my hon. friend's correction. I was under the impression he had a different idea of the application. But what is so abnormal about the fact that a peace officer should be able to seek within the required jurisdiction, particularly if an offence has to do with the administration of board property or of persons subject to the jurisdiction of the national harbours board? It seems to me it is not beyond reason, when there are millions of dollars spent, voted by this house, to see that that money is protected.

These officers are not going to clash with the other officers of the city of Montreal or the city of Vancouver. How can they, unless warrants are made out at the instance of the national harbours board officers, and at the instance of the local police for the same offence? That I am sure will not be done. The national harbours board has been in existence since 1935, and the administration of the act by the officers has been fair, just and reasonable. I feel that we can count on the officers of the board to use their common sense, to use their judgment, not only in the city of Montreal but in the city of Vancouver as well. If this section is given a fair trial, I believe it will be workable and that hon. members will not have any reason to complain about any extraordinary power. I want to reassure the house that it is not the intention to take extraordinary powers, that extraordinary powers are not being taken under this section, but that powers are being taken for the protection of the property of the board.

Mr. Winch: It is not my intention to speak twice on this subject, but in view of the minister's remarks, I feel that I have to do so. The minister has emphasized the fact, and he was applauded by all the Liberal members, that the taxpayers of Canada have spent millions upon millions of dollars for the development of the harbours of Canada, and that these harbours have to be protected.

Mr. Abbott: Hear, hear.

Mr. Winch: There will not be a member of the house who will disagree with that statement, that the investment has to be protected. However, the same taxpayers of Canada have spent hundreds upon hundreds of millions of dollars on the Canadian National Railways and that investment has to be protected too. But in the protection of that investment, you want jurisdiction for a quarter of a mile, whereas to protect the other investment you want jurisdiction for 25 miles. How do you explain the difference? We all stand for the protection of the taxpayers' money invested in the harbours and the railways, but how do you explain the quarter of a mile in one case and the 25 miles in the other, when the responsibilities of protection are identical for both police forces?

There is only one other point I want to mention, and I do so because of a remark by the minister and also by an hon. member down here—I am sorry I cannot remember who spoke yesterday—who brought up the question of sincerity. The minister went over that again today. He told us he accepts responsibility for introducing these bills. They have had study and consideration, and he brings them forward in all sincerity. No one questions that at all. I am going to say that when the minister accepted the responsibility of sponsoring this Bill No. 421, he did so in all sincerity. I believe that. But, Mr. Chairman, they do not know everything on that side of the house.

Some hon. Members: Hear, hear.

Mr. Winch: They can make mistakes just as all of us do. What happened? After all the study by the government, the Department of Justice, the bill went before a committee of this house. What occurred? The committee, with a Liberal majority—

Some hon. Members: Hear, hear.

Mr. Winch: —was persuaded by the opposition minority that the bill could be improved and there were four or five amendments made in the committee. The measure comes back here, and even with all the brains on that committee, and it had plenty, what happened? The hon. member for Prince Albert was still able, after all that review by the government and the Justice Department, the civil service, and the committee, to point out that there was still something that could be improved in the bill. There was a wrong principle involved. We are saying to you: We know

you reconsidered and you saw wisdom in the suggestion by the hon. member for Prince Albert, but it is only one step farther to reconsider a third time and see the wisdom of this amendment.

Mr. Macdonnell: I am sorry, Mr. Chairman, that my rising is not greeted with enthusiasm. If it will relieve hon. members' pain at all, I shall tell them I will be very brief. I have a somewhat unique qualification for intervening in this debate, and that is that I did not hear any of the earlier part of it. I just heard the speeches by the hon. member for Vancouver-Quadra and the hon. member for Vancouver East. I was not a member of the committee. I have the advantage, as I say, of an open mind. After listening to the hon. member for Vancouver-Quadra and the hon. member for Vancouver East I said to myself, those arguments sound very reasonable indeed. The minister must have some tremendous argument that he is going to produce, and it is just going to flatten them out and I am going to be completely twisted around.

I waited, therefore, for the minister's argument. So far as I can make out, his great argument was that there were hundreds of millions of dollars belonging to the harbours board to be protected. He sought to distinguish, in a manner that I could not follow, between the fact the Canadian National Railways jurisdiction is one-quarter mile and the harbours board wants 25 miles. Incidentally the hon. member for Vancouver-Quadra sought to meet the special case the minister raised as regards Montreal by suggesting that some special arrangements should be made.

All I want to say is that in so far as I have any claim to being, what shall I say, a man of average intelligence, I submit that any man of average intelligence who has been in this house for the last three-quarters of an hour would wonder why on earth the arguments made by the hon. member for Vancouver-Quadra and the hon. member for Vancouver East were not accepted. He would still wait for that pulverizing argument the minister was to make.

Amendment (Mr. Green) negatived: Yeas, 44; nays, 75.

The Chairman: I declare the amendment lost. Shall clause 3 as previously amended carry?

Clause 3 as amended agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time?

Mr. Green: Next sitting.

[Mr. Winch.]

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, perhaps we might alter our agenda for the moment to take care of a matter to which reference was made this morning in connection with the pension bill. There is a resolution which has been consented to by His Excellency the Governor General, and of which notification could be made now. We could then deal with the resolution, and do as we did on another occasion—that is, move that it be referred to the committee of the whole, and then it could be considered with the pension bill itself. If that would meet with the wishes of hon. members, I suggest that we do it, before proceeding with the amendment to the Post Office Act.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That Bill 339, intituled: "An act to amend the Pension Act", now before the house, be amended by substituting the words and figures "1st day of May, 1954" for the words and figures "1st day of January, 1954" where they appear in clauses 10, 11, 12 and 18 in the said bill and that subsection (3) of section 31 and subsection (3) of section 42 of the Pension Act be amended by striking out the words "in respect of service during world war II" where they appear in the said subsections.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved that this resolution be referred to the committee of the whole on Bill No. 339.

Motion agreed to.

And the order for committee of the whole having been called:

Mr. Green: We cannot go on now. Members of the veterans affairs committee met at 3.30. This contains some highly controversial points.

Mr. Harris: I think that the clerk assistant may have misunderstood me. It was not intended to proceed with it at this time. It was the intention to proceed now with the Post Office Act; and then, later this day, to call the Pension Act.

POST OFFICE ACT

ENLARGEMENT OF PROVISION RESPECTING DISTRIBUTION OF NEWSPAPERS AND PERIODICALS

Hon. Alcide Cote (Postmaster General) moved the second reading of Bill No. 473, to amend the Post Office Act.

Mrs. Fairclough: Does the minister propose to make an explanation of the change?

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): Mr. Speaker, I shall make a brief explanation. This bill is being introduced as a result of representations received by the government from the Periodical Press Association on behalf of Canadian publishers, to the effect that the proposed amendment will be of benefit to them.

At the present time, Canadian publishers, in order to enjoy the reduced statutory rates on copies of their publications going to subscribers, must post such copies at the post office in the place in which the office of publication is situated.

The publishers' representations are to the effect that if more than one point of mailing was permitted they could forward their publications in certain instances by bus, by truck or by air cargo to other centres for local mailing and thus afford a faster delivery to their subscribers in different parts of the country. This would be an advantage to them in their competition with United States publications.

Apart from being an advantage to publishers, the proposed amendment could conceivably result in some saving to the Post Office Department, as we would not have to pay certain transportation charges in any instance where a publisher took advantage of this suggested procedure. In so far as the Post Office Department is concerned, we recommend the adoption of the legislation.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, inasmuch as there are questions we will wish to ask at the committee stage, I do not propose at this time to discuss the matter at length. However, there are certain questions which, because of the nature of the bill, particularly its brevity and its apparent innocence—a feature which, may I say, we always suspect—we will want to ask. We will want to know precisely what the effect of the bill will be.

First of all, we will want to know just how many centres the Postmaster General (Mr. Cote) might designate as areas to which bulk shipments might be made, in respect of any one national publication. Is this going to be a matter of several centres within a province, or the main terminal points in the provinces across Canada? We would also like to know whether or not this change in the regulation will have any effect on the content of any periodical. Will it alter in any way the rules which now exist with regard to the advertising these publications are permitted to accept?

When I ask this, I have in mind the fact of course that certain publications will be in a preferred position, by reason of their being able to get their publications into the field at distant points days quicker than otherwise they would be able to do. That is an advantage in competing for advertising in the general advertising field as against the United States publications which now enjoy that privilege.

There is also the general question of revenue. In what way will the revenue of the Post Office Department be affected by this change? Another general point into which we shall want to inquire rather closely is just what is the difference in this matter of the shipment of publications between daily newspapers and periodicals. The minister will recall that when we were speaking on the first item of his estimates I addressed a question to him with regard to the shipment of newspapers to distant points by T.C.A. in passenger seats. If I remember correctly the minister at that time told me that that was a matter strictly between the newspaper itself and T.C.A. I notice that this bill does say both newspapers and periodicals. If regulations exist which prohibit the bulk shipment of newspapers and periodicals to distant points, there to be broken down and mailed, then I should like to know under what regulation the newspapers are permitted to bulk ship, and if that permission is granted to them—possibly this is a question which would more properly be directed to the department which handles T.C.A., but nevertheless the minister, having some connection with it, must also know the answer—under what terms is T.C.A. permitted to occupy passenger seats with these newspapers, certainly to the inconvenience of the travelling public and possibly also to the detriment of their actual safety. I realize, Mr. Speaker, that in bringing up that point I am probably on the borderline. The Postmaster General has very definite responsibility in this regard because of the connection which his department has with the dissemination of this material from coast to coast. With these few remarks, Mr. Speaker, we shall rest until the bill gets to the committee stage, when we shall press for answers to these and other questions.

Post Office Act

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member for Hamilton West (Mrs. Fairclough) referred to this as an innocent-looking bill, and one might say that the explanations that have been offered for it thus far are plausible. I think, however, most of us know the real purpose behind this bill. I rise to oppose it.

As hon. members know, this is not the first notice we have had of the amendment to the Post Office Act proposed by this bill. Earlier in the session when we had before us another bill amending the Post Office Act an attempt was made during the course of the discussion of that legislation to introduce an amendment which would have included in that bill the provision that is set out in this bill. Hon. members will recall that we were able to make the point on that occasion that as the proposed amendment to that bill went beyond the scope of the measure then before the house, it was out of order as an amendment to that bill. It is quite clear of course that it is now in order, procedurally at any rate, to bring in this proposal as the subject matter of a separate bill. But we are as opposed to this bill now as we were to the proposal when it was made on February 8, as noted on page 1902 of *Hansard*.

The parliamentary assistant to the Postmaster General who introduced the measure today referred to it as one that would make possible the posting of magazines or periodicals, on approval by the department, at more than one place, with the privilege of having at all such mailing points the reduced rates provided for magazines and periodicals under section 11 of the Post Office Act.

Reference has been made, both today and on other occasions, to the desire of some publishers to transport certain quantities of their publications in bulk from the centre of publication to some other centre or centres in order to speed up the distribution of their periodicals to the subscribing public. It might be interesting to include in the record at this point the explanation that the Postmaster General gave us of this matter on February 8, 1954, when, as recorded at page 1902 of *Hansard*, he said this:

> For instance, if a newspaper in Toronto is ready for delivery at four o'clock—I am only giving a hypothetical example—and the train leaves at six o'clock, the paper would be delivered in London, for instance, or some other place, only very late that night or even the next morning. Hence the periodicals have made representations.

Another explanation given regarding this measure was in these terms:

> For instance, if a fraternal organization with its head office in Kingston has a publication printed in Brockville, the publication, with the approval of the Post Office Department, can be posted in either Kingston or Brockville.

That, I may say, was the brief explanation of this bill given to Their Honours in the other place. Now, Mr. Speaker, there is no secret about this bill. There is no secret as to the identity of those who are asking for it, and as to why they are asking for it. Indeed, there is no secret to the fact that gentlemen representing certain publication companies in this country have visited Ottawa, as have gentlemen who are opposed to this measure, and that those gentlemen have called on many people here; indeed, they have called on me as well as on other members of this group.

Mrs. Fairclough: I had no calls from anyone.

Mr. Knowles: The hon. member for Hamilton West says that they did not call on her. Maybe they did not feel she would be quite as much an obstacle to this legislation as it was thought I might be.

Mrs. Fairclough: Maybe they thought that I would use some sense.

Mr. Knowles: The hon. member can make interjections like that a little later, if she still feels they are appropriate.

Mr. Lennard: You made one yourself.

Mr. Knowles: It was made clear to me that what was annoying some publications in this country is that there is a law in the province of Ontario which prohibits the publishing of liquor advertising. Some firms which are situated in the province of Ontario, firms which print their publications in that province, have been taking steps to get around that law against the publishing of liquor advertising in that province.

Mr. Rowe: This does not get around it.

Mr. Knowles: The hon. member for Dufferin-Simcoe says: "this does not get around it". Just to have the record clear, let us note the Ontario law which is section 91 (3) of the Liquor Control Act of the Revised Statutes of Ontario, 1950, which reads:

> No person, unless authorized by the board, shall exhibit, publish or display or permit to be exhibited, published or displayed any other advertisement, or form of advertisement, or any other announcement, publication or price list of or concerning liquor or where or from whom the liquor may be had, obtained or purchased.

Now, Mr. Speaker, because of that law a magazine like *Maclean's*, which is printed in Ontario, which wants to carry liquor advertising, for the money to be had from carrying

that advertising, has to declare that its publication is not published in Ontario but is published somewhere else. So *Maclean's* magazine—

Mr. Pickersgill: Will the hon. member permit a question?

Mr. Knowles: Yes.

Mr. Pickersgill: Is not one of the words in that the word "display"? Does it make any difference whether it is published in Ontario or anywhere else if it is displayed for sale in Ontario?

Mr. Knowles: The law prohibits any company from displaying such advertising in Ontario or from publishing it. The law does not prohibit the printing of such material in Ontario so that *Maclean's* magazine, in order to get around this law, prints its magazine in Toronto but declares that it is published at the city of Montreal.

Mr. Pickersgill: How does that get around the law?

Mr. Knowles: My hon. friend is not a lawyer, nor am I; but lawyers apparently have found ways of getting around it. Thus it is that they make the statement in their publication that it is published at the city of Montreal, despite the fact that it is printed in Toronto, whereupon the magazines, before being mailed, are trucked from Toronto to Montreal and are mailed from Montreal. Now, in doing that *Maclean's* magazine achieves two things. On the one hand it gets around this law and thereby claims it is not publishing liquor advertisements in Ontario but is publishing them in the province of Quebec.

Mr. Pickersgill: The hon. member has not answered my question about the word "display".

Mr. Knowles: They do not display this advertising in Ontario, but they print it in Ontario and they bundle the magazines in trucks and have them carted to Montreal.

Mr. Pickersgill: I can get copies of the magazines in Ontario on the newsstands.

Mr. Knowles: But the copies you get on the newsstands in Ontario are mailed into Ontario from the province of Quebec.

Mr. Pickersgill: It does not make any difference.

Mr. Knowles: I agree with my hon. friend that in the actual result there is no difference. They are getting around the law technically but not in spirit. But I started to say that *Maclean's* magazine achieves two purposes by declaring Montreal to be its publishing location and by trucking its copies to Montreal before mailing them. The first purpose, which I have already indicated, is that they get around the Ontario law. The other purpose they achieve is that they get the cheap rate of postage provided for periodicals under section 11 of the Post Office Act because they are mailing their periodical at the point declared to be the point of publication.

Section 11 of the Post Office Act now requires that a periodical, in order to enjoy the cheap rate of postage, must be mailed in the postal area in which its office of publication is located.

Now, I agree with the Secretary of State that they are just gettting around the law technically but not in spirit, but in order to do this it is now costing *Maclean's* magazine a considerable sum of money—I understand it is of the order of $20,000 to $25,000 a year—to truck its periodicals from Toronto to Montreal.

One can understand the natural desire on the part of *Maclean's* magazine to have legislation, if it can be obtained, that will save them $25,000 a year, or some portion of that amount, and therefore the proposal that has been made by the Periodical Press Association, and the proposal which is implemented in this bill now before us, is that the publishers of periodicals, if they get the approval of the Postmaster General, might be able to mail their publications at the point of publication and at one or more other points while still obtaining the cheap rate of postage.

Let us look at the result which will flow from this bill with respect to the magazine of which I have been talking, and there is no secret about the fact that one of the reasons I have been talking about this magazine is that a gentleman representing that magazine came to see me and tried to argue his side of the case. However, if this bill passes it will not change the law which I read a moment ago, namely section 91, subsection 3, of chapter 210 of the revised statutes of Ontario. It will still be against the law to publish or display liquor advertisements in periodicals published in Ontario. Therefore, *Maclean's*, though it is printed in Toronto, will still have to be declared as being published in Montreal.

It will be possible for issues of *Maclean's* magazine going to subscribers outside Ontario to be mailed in Ontario under this new provision, if the Postmaster General declares Toronto to be a mailing point for this magazine. But, so far as the issues of *Maclean's* magazine that go into Ontario are concerned, it will still not be possible for them to be

mailed from Toronto. The Ontario law will still apply. They will still have to truck the Ontario issues from Toronto down to Montreal and have them mailed in Montreal. As regards the practical result of this law you will have *Maclean's* magazine mailing its publication at two points, one in Montreal, its point of publication but not where it is printed, and the other from Toronto. I should spell this out again. The result will be that the issues going to the rest of Canada, outside of Ontario, will be mailed in Toronto and will obtain the lower rate of postage from that point.

Mr. Pickersgill: May I interrupt the hon. member again to ask another question? Why does he infer that? Why would not they have some of these distributed from Calgary or Vancouver? It is pure inference on the part of the hon. gentleman.

Mr. Knowles: It is not pure inference. I want to say, Mr. Speaker, that this interruption suggests that the purpose of this legislation is along the line now inferred by the Secretary of State (Mr. Pickersgill), namely to enable the shipment of bundles of the *Financial Post* to Calgary, or some other point, to be distributed from there. But that is an inference which is entirely unwarranted, for whether or not advantage of this legislation will be taken for that purpose has not yet been decided.

What is definite is that *Maclean's* magazine wants to save this $20,000 to $25,000 it is now spending in trucking its magazine down to Montreal, and I say again that I have no objection to *Maclean's* magazine trying to save some money if possible. My hon. friends can snicker about that, but what we are doing here is enabling a firm to get around provincial law and still have the cheap rates granted under federal law under certain circumstances.

I could spend more time than I am allowed, Mr. Speaker, in reciting the number of times it has been said on the floor of this house that we must not interfere with provincial rights. It has been said we have got to be very careful about health insurance because that is a provincial matter; we are told that we cannot have federal aid to education because that is a provincial matter; we have got to be careful as to what we say about any provincial laws because that would be interfering with provincial matters; and on the administration of justice how many times has the Minister of Justice (Mr. Garson) said that is something with which we must not interfere because it is a provincial matter.

But here is a provincial law which is clear-cut and specific. This firm wants to get around it, so this firm, along with others, wants the federal government to amend a federal law to the extent that it is possible by so doing to enable them to get around the provincial law. There is one thing the federal government cannot do and that is amend the law so that it will permit a magazine printed in Toronto to be mailed from Toronto to Ontario subscribers, if it carries liquor advertisements.

Mr. Pickersgill: Mr. Speaker, I do not want to be tiresome but I would like to ask the hon. gentleman one more question. How is it going to be possible for *Maclean's* magazine or anyone else to get around the law in Ontario by posting publications in Toronto to other provinces? They are not going to anyone in Ontario. The present practice as far as Ontario is concerned, if I followed my hon. friend correctly, is that they will continue in their present position and nothing will be done about the subscriber in Ontario. All that would be done by this bill is to permit publishers to post in Toronto magazines to other provinces. That is not getting around the law of Ontario because the people of the other provinces are not subject to the laws of Ontario. It has nothing to do with provincial rights or the law of Ontario.

Mr. Knowles: The reason they will not be breaking the Ontario law by printing a publication in Toronto and mailing it somewhere else—just a minute; listen to me now—is that some lawyer suggested to *Maclean's* magazine that they could get around that law by declaring that it is published in Montreal. They get around the law by saying: No, we do not publish in Toronto. The Maclean-Hunter Publishing Company may be situated in Toronto. The printers are there; and by the way their relationship with the printers is not any too good, but that is a side issue. The work may be done there,—

Mr. Martin: Stick to the point.

Mr. Knowles: —but on the masthead it says: "Published in Montreal". This government by this bill is going to permit a publication, which although printed in Toronto is technically published in Montreal, to be mailed from a point in Ontario to other provinces and thereby to get the reduced rate of postage. I appreciate the interest of the Secretary of State in this matter but I think it is an interest that recognizes the point I am making.

Mr. Trainor: Would the hon. member permit a question?

Mr. Knowles: Yes.

Mr. Trainor: Is the hon. member inferring that the declaration on the masthead, "Published in Montreal", in this case, is a false declaration?

Mr. Knowles: It is one of those things that it may not be possible to call false but it has a purpose that seems to be misleading. They have an office in Montreal, so far as I understand it, and they declare—

Mr. Trainor: Have they an editorial staff in Montreal?

Mr. Knowles: I do not know whether or not they have an editorial staff in Montreal. I do not believe they have. I believe their editorial staff is in Toronto, except for one distinguished member of that editorial staff who is situated here in Ottawa. I hope they do not put him in jail.

Mr. Trainor: That would be a good thing to find out. How do they define "published"?

Mr. Knowles: My hon. friend will have to ask a lawyer for the answer to that question. All they say is that is the point at which it is published; and, having declared Montreal to be the point of publication, they get the cheap rates that are provided under section 11 of the Post Office Act. I think the situation is fairly clear. I am grateful for the various interjections that have been made. They make the discussion all the more interesting, and I think they have helped to bring out the point that what is involved here is not a discussion of the rights or wrongs of liquor advertising. I could go into that matter also.

Mr. Martin: Don't do it.

Mr. Knowles: I could talk about the corrupting influence of liquor profits. However, I will not go into that matter today. It is not a temperance issue, interested though I might be in that question. The issue at stake here is whether or not we are going to pass a federal law, the purpose of which is to enable people to circumvent, to a certain extent, a provincial law. *Maclean's* magazine is now circumventing that provincial law to a certain extent. They print the magazine in Toronto. They truck all of it to Montreal and mail it from there, thereby getting around the law that says they cannot publish in Ontario their magazine carrying liquor advertising. Once this bill passes—if the house does put it through—a magazine like *Maclean's* and any others that are in similar circumstances will be able to mail, as I say, all of their copies that go outside of Ontario, from Toronto, and get the cheap rates from the two points, and still technically get around the provisions of the Ontario liquor control act.

There is another aspect about this matter on which I want to make a comment. I think the way in which this whole matter has been handled has been rather odd. The Postmaster General (Mr. Cote) did not tell us of these aspects of the matter when he introduced the legislation or when he tried to introduce it on February 8. The parliamentary assistant to the Postmaster General has failed today to touch on the aspects of the matter which I am discussing. I read with interest a debate to which we are not supposed to refer in this house, and I find that Their Honours in the other place made no reference to this aspect of the matter at all. Yet, as I say, because some of us raised questions about this matter when it came into the house previously, representations have been made to me as well as to other members of this group—and, for all I know, to other members of the house—that we should let this legislation go through in order that certain magazines might be able to carry this liquor advertising and not have to put out this extra money for trucking costs and, to put it in their terms, thus be better able to compete with American magazines. They have gone on and said to us: "We want to develop Canadian culture." I do not go for this idea of developing Canadian culture on the basis of liquor profits, whether they turn up in the form of advertising revenue, donations to dominion drama festivals or what have you.

Mr. McIvor: Hear, hear.

Mr. Knowles: I am glad to hear my friend the hon. member for Fort William (Mr. McIvor) say "hear, hear". I hope this is one occasion on which he will oppose a measure brought in by the government he supports.

An hon. Member: He will walk out.

Mr. Knowles: As I say, Mr. Speaker, there has been an attempt, or at least it appears to me that there has been an attempt to cover up the real purpose of this legislation by reference to matters that are not important at all. It has been said to me, for example, that under the proposed bill it would be possible for copies of the *Financial Post* to be mailed in bulk from Toronto to Winnipeg, Calgary, Vancouver, Halifax and other places to be mailed from the post offices in those cities and thus reach the subscribers more quickly than is at present the case. When I inquired as to the extra costs of this project, it was admitted to me by the gentleman

to whom I have already referred that that would necessitate an increase in the subscription price for the *Financial Post*; and he was not sure that that increase was being contemplated. In other words, that is a possibility which is being provided for but which may not be implemented at all. The real issue is what is happening right now, namely that liquor advertising is being carried in this magazine as well as in others, and it is the desire of this company to be aided further in getting around the provincial law by the provisions of the measure that is now before us.

Every time this matter has come up, it has been said that it will be done without adversely affecting the treasury revenues. Indeed in the bill itself there is a provision which says that that must not happen. I ask hon. members for just a moment—

Mr. Cannon: Would the hon. member permit a question?

Mr. Knowles: Surely.

Mr. Cannon: Can the hon. member explain to us the mechanics of how American magazines are imported into Canada in bulk and are mailed here under the present law? Would he like to stop that practice?

Mr. Knowles: I have not time to go into all of that matter, but just briefly I might say that it is done under two arrangements. In the first place, it is done under the arrangements of American postal law. The other fact is that it is done in part under international postal arrangements that are made between Canada and the United States, and which are reciprocal in character. That is one of the arguments that these people use, namely that American magazines are imposing on the Canadian mind American culture which is supposed to be of a much lesser order than the culture that we get out of Canadian magazines. I am going to be frank enough to say right away that I think the cultural level of Canadian magazines, generally speaking, is higher than the cultural level of many American magazines that circulate widely in this country. But that is no reason for approving the principle that culture should be supported on the basis of liquor profits.

Mr. Lennard: There are some liquor advertisements in the American magazines.

Mr. Knowles: Yes, the same answer applies to them. Neither does it justify—

Mr. Pickersgill: That is the trouble.

Mr. Knowles: Neither does it justify our trying to get around the Ontario provincial law in a field where the province has a right to enact legislation of that kind, and has done so.

Mr. Pickersgill: Mr. Speaker, the hon. member has not yet answered my question: How does this get around the Ontario law at all? He said they are getting around the Ontario law now and he says that they will continue to get around the Ontario law in exactly the same way even if this bill does not pass. In so far as his example is concerned, if I understand it correctly he is saying that this will enable them to post their publications to other provinces, which can have nothing to do with the Ontario law. He says they are getting around the Ontario law now and will continue to get around it afterwards in exactly the same way, so what are we doing to facilitate getting around the Ontario law by this legislation?

Mr. Noseworthy: You are helping to do it by cheaper rates.

Mr. Knowles: I ask the Secretary of State (Mr. Pickersgill) this question. Why does *Maclean's* magazine truck its magazines down to Montreal at the present time? Why does it not mail them in Toronto? Come on; answer.

Mr. Pickersgill: That, it seems to me, has nothing to do with this legislation at all. That is a practice which appears to be legal now. I do not know whether or not it is. I am not a lawyer any more than the hon. gentleman is.

Mr. Knowles: That is the best thing about both of us.

Mr. Pickersgill: Taking that word "display", I would somewhat doubt whether it was legal, but it appears to be legal now and it will be legal whether or not we pass this bill. It will not make the slightest difference so far as distribution in Ontario is concerned. All this would do, in the example he cites, is to facilitate the distribution of Canadian magazines in the other nine provinces outside of Ontario. That is all.

Mr. Knowles: Why can they not do that now?

Mr. Deputy Speaker: Order. May I point out to both the hon. member for Winnipeg North Centre and the Secretary of State that if I were to apply the rules on second reading strictly I would have to say that the hon. member for Winnipeg North Centre has just relinquished the floor and the Secretary of State has made his speech on second reading.

Mr. Knowles: I am happy to agree with the latter part, but in view of the earlier part of your remarks, sir, I suppose I had better

be careful. I suggest to the Secretary of State that if it were not necessary for *Maclean's* to take its publication to Montreal at the present time it would not be doing so, and if it did not think it had to get the law changed in order to mail these publications from Toronto it would not have asked for this legislation. I am sure the Secretary of State must have been on the receiving end of the representations with respect to this matter, and he must know that what they want is the right to be able to carry liquor advertising and mail from Toronto despite the law there which says—

Mr. Lennard: To other provinces.

Mr. Knowles: They would like to do it in Ontario too but the Ontario law will not permit them. In this House of Commons, where the rights of the provinces are pleaded so often by the gentlemen on the other side of the house, we are now presented with legislation which is enabling people to get around the Ontario law. That, Mr. Speaker, is the real issue in the measure now before us.

Before you find that my time has expired may I just deal with one other point. It is argued that to make this change will not adversely affect the postal revenue. It is my contention that it will, and that it will do so in respect of *Maclean's* magazine itself. At the present time all the issues of *Maclean's* magazine are being trucked to Montreal and mailed from there. If this legislation goes through, the issues destined for Ontario will continue to be trucked to Montreal and mailed from there. There will be no change so far as issues going to points in Ontario are concerned.

In the case of the issues going to subscribers in western Canada, at the present time they are being trucked to Montreal and mailed from there to western Canada. If the bill passes they will be mailed from Toronto to western Canada. So far as the post office is concerned, there is practically no difference involved in that change. Issues for western Canada will be carried from Toronto to Sudbury or Capreol and then on west instead of being carried from Montreal to Sudbury or Capreol and then on west. The only difference is the difference in mileage between Toronto and Sudbury or Capreol on the one hand and between Montreal and Sudbury or Capreol on the other. There is a slight difference but not enough to amount to anything.

But I ask hon. members to note what will happen in the case of issues destined for the province of Quebec or the maritime provinces, including Newfoundland. At the present time all the issues for these five provinces are trucked, at *Maclean's* expense, to Montreal, and are mailed from Montreal to their destinations in the five provinces. After the bill goes through, issues for these five provinces, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, will be mailed in Toronto and the post office will have to bear the expense of carrying them by train from Toronto to Montreal, an expense which they do not now have to bear, an expense which at the moment is met by *Maclean's* magazine.

I submit that when one looks at that aspect of the matter it becomes evident that this change is actually going to cost the Post Office Department additional money compared with what it is now spending for the transport of this magazine. As I have indicated a good many times there are other publications involved. This is not an act for the relief of *Maclean's* magazine. It is an act of general application, but this magazine seems to be the one affected most. It is the Maclean-Hunter Publishing Company that has made the most active representations, and that is my reason for having cited that magazine as an example throughout the case I have been making this afternoon. Basically what is involved here is that we have a bill, the purpose of which is to enable firms in Ontario to get around the provincial law and still enjoy the right to the cheap postage provided in the federal act for newspapers and magazines. I think the House of Commons should turn down this measure.

The house divided on the motion (Mr. Cote) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Aitken, Miss
Anderson
Applewhaite
Ashbourne
Batten
Bell
Benidickson
Bennett (Grey North)
Blackmore
Blair
Blanchette
Bonnier
Boucher (Restigouche-Madawaska)
Bourget
Bourque
Brisson
Brooks
Brown (Brantford)
Brown (Essex West)
Buchanan
Byrne
Cameron (High Park)
Cannon
Cardin
Caron
Carter
Cauchon
Cavers
Chevrier
Churchill
Clark
Claxton
Cote
Croll
Dechene
Decore
Denis
Diefenbaker
Drew
Dumas
Enfield
Eyre
Fairclough, Mrs.
Fairey
Fleming
Follwell
Forgie
Fraser (Peterborough)
Fraser (St. John's East)
Fulton
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)

Gauthier (Portneuf)
Gingras
Girard
Goode
Gour (Russell)
Gourd (Chapleau)
Green
Habel
Hahn
Hanna
Hansell
Hardie
Harkness
Harris
Healy
Hellyer
Henderson
Henry
Holowach
Hosking
Houck
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lapointe
Leboe
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lennard
Lesage
Low
Lusby
Macdonnell
MacDougall
MacEachen
MacKenzie
MacLean
Macnaughton
McCubbin
McCulloch (Pictou)
McDonald
McGregor
McMillan
Martin
Masse
Matheson
Meunier
Michaud
Monette
Monteith
Murphy (Westmorland)
Nixon
Nowlan
Pearkes
Philpott
Pickersgill
Pinard
Pommer
Pouliot
Power (Quebec South)
Power (St. John's West)
Purdy
Quelch
Ratelle
Reinke
Robinson (Simcoe East)
Ross
Rowe
St. Laurent
Schneider
Shaw
Shipley, Mrs.
Simmons
Sinclair
Starr
Stuart (Charlotte)
Thomas
Trainor
Tucker
Tustin
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Middlesex East)
White (Waterloo South)
Wood
Wylie
Yuill—155.

NAYS

Messrs:

Argue
Balcer
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Dinsdale
Ellis
Gillis
Herridge
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
MacInnis
McCullough (Moose Mountain)
McIvor
Nesbitt
Nicholson
Nickle
Noseworthy
Regier
Robinson (Bruce)
Stewart (Winnipeg North)
Thatcher
Winch
Zaplitny—29.

Bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

[Mr. Knowles.]

On clause 1—

Mrs. Fairclough: The Postmaster General has not anwered some of the points we brought up. Does he propose to do so?

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): Mr. Chairman, the hon. member for Hamilton West did ask three or four questions. She asked first, I believe, how many centres would be involved in the mailing. I presume she meant mailing centres by each of these various magazines or periodicals. Frankly, I do not think anyone can give a definite answer to the question, because there are between 500 and 600 magazines in Canada which would be affected by such a change, if they wished to take advantage of it.

Mrs. Fairclough: I believe my question referred to a magazine having national distribution.

Mr. Kirk (Shelburne-Yarmouth-Clare): The company may ask for certain centres, and then in his wisdom the Postmaster General will decide whether he will grant one, two, three or four such centres. I do not think the question can be answered more specifically than that.

Then the hon. member asked what effect the provision would have on the content of the advertising. The Post Office Department studies magazines periodically to ascertain the percentage of reading material such as editorials and news items, and whether the smaller half—to use an Irish expression—consists of advertising. That is the only examination made by the department on that score.

With respect to revenue; the bill states that the decision will be made so that it will not adversely affect postal revenue.

Then the hon. member referred to these newspapers and periodicals being carried in the seats of aircraft. In such cases they are not being carried in aircraft as mail, but rather as air cargo. It is my understanding that when they are delivered to a certain town or city they are then sent by truck to the newsstands for sale, and are not sent to the post office for posting. I believe I have answered all the questions.

Mr. Fleming: Mr. Chairman, in case some attempt should be made to put upon what has lately been done in the house an interpretation that is not warranted, I should like to make one point crystal clear, with the assistance of the parliamentary assistant in the Post Office Department.

Mention was made of the position of publishers in respect of liquor advertisements. I am referring to publishers who have their printing plants in Ontario and who then, in order to comply with the Ontario law, actually carry out the technical function of publication in another province, and mail the publications in that other province. In the case commonly referred to, it is Montreal. Will the parliamentary assistant make it clear—because I understand it is clear in the bill—that the bill will have no effect, either in its terms, its application or administration, upon that situation so far as the law of the province of Ontario is concerned; and that no magazine or other publication containing liquor advertising can comply with the law of Ontario if it is printed or published or mailed in Ontario, addressed to an Ontario destination.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Chairman, I really feel that several hon. members have very kindly answered the question, when they have carried on their own private debate. To the extent that this has relieved me of further comment, I am deeply appreciative.

But I wonder if I might say briefly to the hon. member for Eglinton that the answer to this problem, introduced by the hon. member for Winnipeg North Centre, is in my opinion very briefly this: That such advertising as is referred to is not prohibited by federal legislation. As I said when replying to the hon. member for Hamilton West, the Post Office Department does not censor publications for liquor advertising. The reference made by the hon. member for Eglinton to the Ontario act, which was quoted previously, was absolutely accurate. It states:

> No person, unless authorized by the board—

And that is the board in Ontario.

> —shall exhibit, publish or display, or permit to be exhibited, published or displayed any other advertisement, or form of advertisement, or any other announcement, publication or price list of or concerning liquor, or where or from whom the liquor may be had, obtained or purchased.

Mr. Fleming: The parliamentary assistant has not come through with what I hoped would be a clear answer to the point I raised, because I think it is the only point seriously raised in the course of the discussion. It is the sort of point that could easily be misconstrued; therefore I hoped there would be a clear statement upon it. Let me just state my own understanding of the effect of this bill. This is federal legislation. What has been introduced into the discussion is a law of the province of Ontario, which has the effect of banning the display of liquor advertisements. We do know that at the present time magazines containing liquor advertisements do come into the province of Ontario, but they have to come from outside the province of Ontario. They cannot comply with the law of Ontario if they are printed, published and distributed in the province of Ontario, without going outside.

Now, my understanding is that the effect of this bill is such that that situation will continue so far as the law of the province of Ontario is concerned, and that there is nothing in this bill which will remove the prohibition now imposed upon the publication in Ontario of magazines containing liquor advertisements. In other words, if magazines containing liquor advertisements are to be circulated in the province of Ontario they must come in from outside.

Mr. Kirk (Shelburne-Yarmouth-Clare): I can say that this bill does not change anything in so far as the Ontario act is concerned to which the hon. member for Eglinton has referred. The act to which he referred is a provincial act. This bill does not change the provincial act. We have nothing to do with it.

Mr. Diefenbaker: Does it change the practice?

Mr. Fleming: It is a little more than that. We all appreciate that laws passed here cannot as such change laws of the province of Ontario or of any other province; but the point that needs to be clarified is one that I think can be simply done. If my understanding of the bill is correct the parliamentary assistant should be able to say very clearly that there is no change in the Ontario law and practice. It is not simply a change in the law; it is a question whether the change that is now proposed in the Post Office Act will facilitate what is today a technical compliance with the law of the province of Ontario.

Now, my understanding is—and I should like a simple confirmation of this from the parliamentary assistant—that the situation that obtains today under the law will continue after this amendment becomes law. In other words, in the case of publications which are printed in Ontario, if they do contain liquor advertisements they cannot simply be circulated in the province of Ontario; they will still have to be posted outside Ontario and enter Ontario from a source outside the province if they are intended for distribution within Ontario or to Ontario destinations. That is the point.

Mr. Harris: That is right.

Mr. Kirk (Shelburne-Yarmouth-Clare): I think that is an absolutely correct interpretation.

Mr. McIvor: The reason I voted against this bill was that I thought it stimulated liquor advertising. If I am wrong I will take a back seat, and I will tell the hon. member for Winnipeg North Centre that if he is not correct his speech was misleading.

Mr. Knowles: The hon. member for Fort William was right the first time. I may say also that the hon. member for Eglinton and the parliamentary assistant to the Postmaster General in my view are correct in their statements that no change results in the passing of this bill with respect to magazines that are for circulation in Ontario. So far as the magazine I talked about is concerned, the picture is quite clear. There is no change in respect of its Ontario circulation. It is printed in Toronto at present, but it is ostensibly published in Montreal and is mailed from Montreal into Ontario. That situation with respect to the issues going to Ontario would not be changed one iota. We agree on that. But there will be a distinct change with respect to the many thousands of copies of *Maclean's* magazine which are printed in Ontario for distribution into the other nine provinces. At the present time, because of the Ontario liquor control act and because of the federal act, they have to be trucked to Montreal, mailed there (a) so as not to break the Ontario law and (b) so as to get the cheap rate of postage. When this bill is passed, if it passes, it will be possible for those many thousands of *Maclean's* magazines which are printed in Toronto for distribution to the other nine provinces to be mailed from Toronto at the cheap rate of postage. In other words, Mr. Chairman, I contend that this bill will facilitate a firm like *Maclean's* magazine getting around the Ontario law in that it will in effect publish, since it is printing it there, a magazine in Toronto for circulation to the rest of Canada. It is facilitating an attempt to get around the Ontario law against publishing liquor advertising; at the same time they will get the cheap rates set out in section 11 of the Post Office Act. I submit the hon. member for Fort William was perfectly right the first time when he voted with us against this bill.

Mr. Drew: Mr. Chairman, in so far as hon. members were informed, the bill before us on second reading with which we have dealt simply covered the principle of distribution points for mailing purposes. We are now dealing with the details of the bill. In a large measure we are dependent upon the explanations given by the government as to the effect of that bill. Certainly, I would not support any measure, either on second reading or in the committee stage, that had as an indirect or direct effect the circumvention of any provincial law in regard to advertising or any other matter over which they have jurisdiction in connection with the sale, distribution and other details connected with liquor.

I do want to interject at this point that there is one statement made by the hon. member for Winnipeg North Centre with which I must take issue. I do not believe there is any such thing as cheap postage in Canada, anyway.

Mr. Knowles: With that I agree. It was a relative term.

Mr. Drew: Well, relative or otherwise, I do not think it is an accurate term. In any event it is not changed by this bill. There is nothing in this bill that affects the postal rates. As I understand it—and it is upon that understanding that I voted on second reading and that I am now approaching this, unless I can be shown otherwise—this bill provides a facility that is available to publishers in the United States for the more effective distribution of their publications, under which there are designated points to which they can send their publications in bulk and from which they can then be posted for simultaneous delivery throughout the whole country. Unless there is something hidden in this, which I am unable to see, then it would seem that our publishers should have the same facilities for distribution as are available to those south of the line who are carrying on similar activities, particularly in a large country like this.

There is one point about which there can be no question whatever other than the effect that may flow from it. It is that this does not directly or indirectly change the application of the Ontario law in respect of liquor advertising. There can be no question about that. What other consequences flow from it I admit perhaps might be more accurately explained than has yet been done. It is clear that nothing contained in this act can in any way circumvent any provincial law regarding advertising of liquor in any way.

So far as I am concerned, on the basis of the information before me, I am dealing with this, both on the second reading with which we have dealt and the sections before us, on the understanding that this is giving a facility for the distribution of publications.

I have yet to see anything in this measure that produces the result which has been

argued by the hon. member for Winnipeg North Centre (Mr. Knowles). If there were any way in which I could see that this was a veiled attempt to circumvent any provincial law I would certainly oppose the bill and every section of the bill. I am unable to see that and therefore I am supporting this measure.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

Clause carried on division.

Title carried on division.

Bill reported on division.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a third time?

An hon. Member: Next sitting of the house.

The Acting Speaker (Mr. Applewhaite): Next sitting.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider Bill No. 339, to amend the Pension Act.

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

The Deputy Chairman: House in committee of the whole on Bill No. 339, an act to amend the Pension Act, together with resolution relative to said act.

Shall clause 1 carry?

Clause 1 agreed to.

On clause 2—*Salaries.*

Mr. Brooks: Mr. Chairman, as hon. members know, this bill has been before the veterans affairs committee and there were quite a number of amendments proposed. I might say that amendments have been made which were more or less agreeable to the majority of the committee, with the exception of amendments relative to clause 2.

As hon. members will recall, when the resolution introducing this bill was before the house strenuous objection was taken to the principle as set out in clause 2 that the salaries of the commissioners be fixed by order in council. That is entirely contrary to the principle which has been followed since the inception of the act.

Certain groups of veterans organizations appeared before the committee and gave evidence, and the Canadian Legion, which as hon. members know speaks for the great majority of veterans across Canada, took very serious objection to clause 2. I might add that all the opposition members on the committee and one member of the government shared that serious objection to the principle as set out in clause 2. I do not feel I should review all the objections which were taken in committee at this time. They are already on record in this house and on the record of the veterans affairs committee. The chief objection taken was that it infringed the basic principle of the Canadian Pension Act in that it took away the independence of the commission as far as this matter was concerned.

I mentioned a moment ago that since the inception of this act the salaries of commissioners have been fixed by parliament. Under this new clause they would be fixed by order in council. It was also contended in committee, as it was here in the house, that the Canadian pension commission is a judicial body and if there is one body outside the judiciary of our country which should be absolutely independent it is the Canadian pension commission. The members of that commission sit and hear evidence which has to do almost entirely with the granting of pensions, and they hear that evidence for and against the granting of a pension before arriving at their decision, in the same fashion as a judge hears evidence and makes his decision. Now, the salaries of judges are not fixed by order in council and I think we would consider it an unheard-of procedure if the salaries of judges were so fixed. Along with veterans organizations across this country we feel that parliament should not in any way lose control of the administration of the Canadian Pension Act.

As I have already pointed out, it is not my intention to enlarge on these arguments which are well known to all hon. members, and particularly to those members who sat on the committee. When this matter was before the committee I listened for arguments in favour of the action we are asked to take under clause 2, that is to fix salaries by order in council, and I must say, Mr. Chairman, that I failed to hear one logical argument in favour of this procedure. A number of hon. members representing the government spoke, but not one of them presented an argument which could be termed logical in favour of clause 2. They talked all around it and tried to belittle the argument made by opposition members and others, but no sound argument was presented as to why this should be done.

I believe, Mr. Chairman, that it is the feeling of the majority of the members of this committee that clause 2 should not be allowed to pass and in order to bring this matter again before the committee I move:

That clause 2 of Bill No. 339 be deleted.

The Deputy Chairman: If I heard the hon. member correctly his motion was to the effect that clause 2 of this bill be deleted. Well, the motion now before the house, if it were expressed in formal terms, would be to the effect that clause 2 be now adopted. I am therefore of the opinion that the hon. member's amendment is not an amendment but a straight negative and his purpose will be obtained by a vote on the section now before the committee.

Mr. Green: Mr. Chairman, on that point, there was an amendment moved to clause 2 in committee and I do not know in what shape clause 2 now comes before the committee of the whole house. If it is in the shape of the bill as originally drafted with the amendment moved in committee then I presume the motion moved by the hon. member for Royal would be a subamendment, but I would like to know what the position is at the present time.

The Deputy Chairman: For the information of the hon. member, the copy which I have before me indicates that clause 2 of the bill was adopted in committee without amendment.

Mr. Green: No, Mr. Chairman, that is not correct. Clause 2 was amended in committee and if I recall correctly it was the first subsection of that clause which was amended. Are we considering subsection 1 of clause 2 as amended in committee, or are we considering it as it was originally brought into the house with the recommendation from the committee for an amendment?

Mr. Bennett: Mr. Chairman, this section was amended in the special committee and the committee reported clause 2 as amended. The amendment is as follows:

That section 2 of Bill No. 339, an act to amend the Pension Act, be amended by striking out subsection 1 thereof and substituting the following:

1. Subsection 11 of section 3 of the said act is repealed and the following substituted therefor:

"(11). The chairman, the deputy chairman, and the other commissioners and ad hoc commissioners shall each be paid a salary to be fixed by the governor in council, except that the salary to be paid to the ad hoc commissioners and the said other commissioners shall be fixed at the same rate."

Mr. Herridge: Mr. Chairman, I rise briefly to express the opposition of this group to this section 2. While we are pleased to support this bill in general and are pleased to have the amendments that this bill introduces, we take strong exception to this section 2 for reasons similar to those outlined by the hon. member for Royal. In the committee exception was taken to it by opposition members and by some members on the government side of the house. In presenting evidence before the committee the Canadian Legion took strong exception to the principle embodied in this section. On that account we are opposed to the section. We think it is unsound. We think it is taking away from parliament the control of the commission and is taking away its independence.

Mr. Quelch: Mr. Chairman,—

The Deputy Chairman: Order. In view of the discussion that we have just had I think perhaps one matter should be straightened out by the committee before five o'clock. The copy which I hold in my hand of Bill No. 339—that is the tabled copy—indicates that clause 2 of the bill has been marked and initialled by the chairman and by the clerk of the committee as adopted in its original form. There has now been drawn to my attention an amended form of clause 2 which, I am told unofficially, was supposed to have been adopted in that committee. It is my suggestion to this committee that if they wish to put this matter in order, at this stage we should have a minister on behalf of the crown move the amendment which some members at least believe was accepted in the veterans affairs committee and which has not been reported to us as having been adopted.

Mr. Harris: In order to regularize the proceedings, I will move as indicated in the amendment that has already been read.

Mr. Quelch: Mr. Chairman, I may say that we in this group are also opposed to this section.

The Deputy Chairman: Order. I am sorry to interrupt the hon. gentleman, but if the Minister of Citizenship and Immigration will send up the amendment he has moved, I will read it to the committee, and we shall try to get this section regularized.

Mr. Harris: Very well.

The Deputy Chairman: Mr. Harris moves:

That section 2 of Bill No. 339, an act to amend the Pension Act, be amended by striking out subsection 1 thereof and substituting the following:

1. Subsection 11 of section 3 of the said act is repealed and the following substituted therefor:

"11. The chairman, the deputy chairman, and the other commissioners and ad hoc commissioners shall each be paid a salary to be fixed by the governor in council, except that the salary to be paid to the ad hoc commissioners and the said other commissioners shall be fixed at the same rate."

Shall the amendment carry? I believe the hon. member for Acadia—

Mr. Brooks: Mr. Chairman, I wish to move as a subamendment:

That section 2 of Bill No. 339 be deleted.

The Deputy Chairman: I am sorry that I must indicate to the hon. member for Royal that if his subamendment, as I have it, is for the deletion of the whole of clause 2 of Bill No. 339,—

Mr. Brooks: That is correct, Mr. Chairman.

The Deputy Chairman: —it is not an amendment or a subamendment, it is a straight negative of the whole proposition which will be before the committee when the amendment has been disposed of. The clause then must either be accepted or defeated. I might point out to the hon. gentleman that when and if the clause is defeated the purpose of his proposed subamendment would be achieved. The question before the committee at the moment is on the amendment moved by the Minister of Citizenship and Immigration with respect to clause 2 of Bill No. 339. I saw the hon. member for Acadia—

Mr. Green: On a point of order, Mr. Chairman, may I say that this exact procedure was followed in the special committee. There the amendment was moved by the parliamentary assistant. It changes paragraph 11 of the clause. Then by way of subamendment I move that the whole clause be deleted. Surely that procedure is perfectly in order. We have an amendment and it was ruled to be in order by the chairman of the special committee on veterans affairs. You have brought in an amendment which changes the section. Then I move as a subamendment that the whole section be deleted. Surely there is nothing out of order in procedure of that kind. I submit that what was done in the special committee should now be followed in the committee of the whole.

The Deputy Chairman: With due respect to procedure which may have been adopted in the select committee, may I say that the hon. member has not convinced me that I was wrong in ruling that a direct negative is not an amendment. I would point out to this committee that whether the amendment that has been proposed by the Minister of Citizenship and Immigration is accepted or is defeated, this committee eventually will still have to decide upon the question: Shall clause 2 be adopted? By voting "no", they will defeat clause 2, a result which is the purpose of the amendment proposed by the hon. member for Royal. I am therefore of the opinion that his amendment is not an amendment but is a direct negative and that being a direct negative should be ruled out of order.

Mr. Quelch: Mr. Chairman, I may say that we in this group are opposed to section 2. The amendment that has been moved does not make any change in the section in so far as our objection to it is concerned. Our objection is that the section provides for the setting of the salaries of the chairman of the commission and of the commissioners by the governor in council instead of by parliament. The salaries of the judges are set by parliament. The commission is a judicial body and we feel that their salaries should also be set by parliament in order that they may be directly responsible to parliament. Up to the present time no good reason has been given by the government for this change. All the opposition members in the special committee were opposed to this section. The Canadian Legion voiced strong objection to it. Unless the government can give some really good reason for the change, we feel that the section should be allowed to stand as it was in the Pension Act.

Mr. Green: Mr. Chairman—

The Deputy Chairman: If the hon. member for Vancouver-Quadra has any extensive remarks to make, I would suggest that we might now call it five o'clock and proceed with the consideration of private and public bills.

At five o'clock the Speaker resumed the chair.

PRIVATE BILL

CANADIAN SLOVAK LEAGUE

Mr. R. E. Reinke (Hamilton South) moved the second reading of Bill No. 472, to incorporate Canadian Slovak League.

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

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

INDUSTRIAL RELATIONS

AMENDMENTS RESPECTING LAYING OF INFORMATION OR COMPLAINT

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 466, to amend the Industrial Relations and Disputes Investigation Act (laying of information).

He said: Mr. Speaker, as I indicated when this bill was introduced and given first reading on May 28, its purpose is to amend the Industrial Relations and Disputes Investigation Act to make it clear that a trade union or an individual, on the one hand, or an employer or an employers' organization, on the other hand, has the right to lay an information or complaint under the act. Those who may have familiarized themselves with this

matter will probably realize that as section 45 of the Industrial Relations and Disputes Investigation Act now stands it is quite clear that a prosecution for an offence under the act may be brought against a trade union or against an employers' organization.

I think it is fair to say that most of us who are interested in this legislation have assumed that the opposite was also the case, namely, that it was possible for actions under the act to be brought by a trade union or by an employers' organization. I indicated on May 28 that a recent court decision has created some uncertainty and ambiguity with respect to whether an information or complaint can be laid by an aggrieved trade union against an employer. Accordingly, the purpose of the bill is to amend section 45 so as to clear up this uncertainty.

In view of the fact that in introducing this measure I made reference to a recent court decision I think it would be only fair that I indicate to the house the decision that I had in mind and its terms. It is not a very lengthy one so I think I had better read it to the house, although I should point out that there are sections of the decision that do not bear on the point that the bill seeks to correct. Nevertheless, since it is a legal point I think the decision should be on the record in full. It is a judgment given by Mr. Justice A. M. Campbell of the Court of Queen's Bench and was delivered at Winnipeg on April 6, 1954. I have a copy which has been furnished to me by the deputy prothonotary of the Court of Queen's Bench, Winnipeg, so I have the correct terms of the judgment. It reads as follows:

> This is an application in chambers for an order that Emil Walterson and Laundry and Dry Cleaning Workers' Union, 306 Donalda Building "be prohibited from taking any further proceedings" against the accused applicant in ten prosecutions (informations) laid under the Criminal Code for alleged violations of sections 4 (1), 4 (2) (a), 4 (2) (b) and 4 (3) of the Manitoba Labour Relations Act, S.M. 1948, chapter 27.
>
> I am of the opinion that an application for an order of prohibition is the appropriate procedure in this case. It permits careful examination of the twenty-five exhibits filed, fifteen of which require study. This would not have been possible in a stated case.
>
> This is a case where prohibition should lie. An application for prohibition based upon alleged defects on the face of the proceedings before a magistrate should not be affected by the prospect of an amendment being made to the information by which such proceedings were begun. There is no proper informant in any of the informations. The union was not the "aggrieved person", neither is Emil Walterson.
>
> In any event, if the real prosecutor is Emil Walterson there is no consent to "institute" these proceedings. On the other hand, if the real prosecutor is the union, then it cannot be an informant, even acting through its president. Section 46(1) of the statute provides for a trade union or an employers' organization being informed "against" i.e., of being an "accused". I am unable to find any section of the statute allowing either of them to be an informant.
>
> Furthermore, in the proceedings before the magistrate, the so-called permission (consent) must stand alone. I am of the opinion that the so-called permission (consent) cannot serve the purpose intended in these proceedings. I do not think it is necessary to deal with the other arguments advanced by counsel.
>
> An order of prohibition will go. Costs to the applicant.

As I have already indicated, that is the judgment given by Mr. Justice A. M. Campbell on April 6, 1954. May I make it clear that this judgment related to a matter that arose under the Manitoba labour relations act. Some hon. members may ask what that has got to do with our Industrial Relations and Disputes Investigation Act. The point is that the issues which arose in this case related to section 46, subsection 1, of the Manitoba labour relations act, which is identical word for word, jot for jot and tittle for tittle, with section 45, subsection 1 of the Industrial Relations and Disputes Investigation Act.

In other words if a court decision is made, and if such a decision stands, which places a certain interpretation on the words of section 46, subsection 1, of the Manitoba labour relations act, I think it follows that the same interpretation would be held to apply to the section in the federal act which is spelled out in exactly the same words. It is because of the fear that the judgment rendered by Mr. Justice Campbell might have an effect on labour relations generally, including the Industrial Relations and Disputes Investigation Act, that those interested in these matters feel that what appears to be a defect or weakness in our labour law should be corrected.

May I also point out that much of what I read in quoting Mr. Justice Campbell's judgment in full does not have an immediate bearing on the issue which is presented in my bill. I merely read the whole judgment so that it might be a matter of record. What is significant in Mr. Justice Campbell's judgment is something that some lawyers might refer to as in the nature of an *obiter dictum*. It is this portion:

> Section 46(1) of the statute provides for a trade union or an employers' organization being informed "against" i.e., of being an "accused". I am unable to find any section of the statute allowing either of them to be an informant.

That is the crux of the judgment, namely, that the wording of the Manitoba labour relations act, with the identical language in the Industrial Relations and Disputes Investigation Act, makes it possible for a trade union or an employers' organization to be informed against, but according to the learned judge it

does not make it possible for a trade union or an employers' organization to initiate an action under that statute even though it may regard itself as aggrieved under the terms of this legislation.

Mr. Martin: If that was the crux of the judgment, it was not an *obiter dictum*.

Mr. Knowles: My hon. friend, I would say, has made a point. Perhaps I could straighten it out this way. Maybe it was not the crux of the argument, so far as this application was concerned. It may have been that the learned judge allowed an order of prohibition on the basis of other defects which were spelled out in the judgment, but so far as labour generally is concerned, in relation to matters that may arise in the future under our labour laws, the crux of this judgment is in the sentence I have just quoted. The smile on the minister's face seems to suggest that I have straightened that out, so perhaps I may read it again.

Section 46 (1) of the statute—

The reference is to the Manitoba statute, but the language is exactly the same as we find in section 45 (1) of the federal statute.

—provides for a trade union or an employers' organization being informed "against" i.e., of being an "accused". I am unable to find any section of the statute allowing either of them to be an informant.

Now, Mr. Speaker, those who are interested in this case, both because of their interest in this particular case and because of their interest in the labour laws of this country, felt at first that the judge had made an error, and that his decision should be appealed. The latest word I have is that that decision on the part of those interested has been altered although it may be they are still planning to appeal to a higher court. Certainly labour lawyers and counsel who advised the trade union bodies, both locally at Winnipeg and nationally here at Ottawa, are of the opinion that the learned judge may have something in so far as the interpretation of the wording of the law is concerned. None of us thought that the law was meant to have that interpretation, that trade unions or employers' organizations could be informed against but could not lay an information. It is because it appears to be a defect that we felt consideration should be given to making the necessary amendment to section 45, subsection 1, of the labour code. Perhaps so that this record might be complete and clear to those who are interested, I should put on the record section 45, subsection 1, of the labour code as it now stands. It reads as follows:

A prosecution for an offence under this act may be brought against an employers' organization or a trade union and in the name of the organization or union and for the purpose of such a prosecution a trade union or an employers' organization shall be deemed to be a person, and any act or thing done or omitted by an officer or an agent of an employers' organization or trade union within the scope of his authority to act on behalf of the organization or union shall be deemed to be an act or thing done or omitted by the employers' organization or trade union.

Bearing in mind the point I am trying to make, hon. members will see that if, as I contend, there is a weakness or defect in this subsection it is in the first line or two thereof. I refer to the portion of that subsection where it says:

A prosecution for an offence under this act may be brought against . . .

And so on. Our contention is that to cure the defect the wording should be that a prosecution for an offence under this act may be brought "by or against . . ." All that is needed to ensure protection either way, if either party is aggrieved, is to insert the words "by or" in the appropriate place, just before the word "against". Those who have looked at this matter feel it would be well to make sure there are no loopholes, no point not covered, and just to do that section 45 should be further amended by adding a new subsection 3 which would read:

(3) Any information or complaint in respect of any prosecution under this act may be laid by an employer, an employers' organization, trade union or person claiming to be aggrieved under this act.

In presenting this bill, Mr. Speaker, it is my belief we are not asking for anything new. We are not asking for anything we have not assumed to be part of the labour law, but rather we are asking that the necessary step be taken to correct what appears to be a defect, in view of the decision rendered by Mr. Justice Campbell at Winnipeg to which I have made reference. I present the matter to the house hoping that favourable consideration will be given to this request of those who are interested in the correction of this defect, and that the legislation be made to read so that it will carry what we thought was the intent, namely that the aggrieved person or aggrieved body, be it a trade union or an employers' organization, should be able to lay an information under the Industrial Relations and Disputes Investigation Act.

Hon. Paul Martin (Acting Minister of Labour): The Minister of Labour, as my hon. friend and the house knows, is not

in the city but is away on public business. In his absence I have been asked, as Acting Minister of Labour, to point out that the minister and the Department of Labour have followed with interest this judgment of the Manitoba Court of Queen's Bench. From the advice that has been made available to me it would seem that my hon. friend is rushing things a little too quickly by presenting an amendment to the federal legislation at this time. The information that I have is that the unions feel they have good grounds for launching an appeal and that they propose to do so. Of course, if the appeal is successful there would be no necessity for the amendment, as my hon. friend well knows.

Following the appeal, should it be desirable to amend the Industrial Relations and Disputes Investigation Act it would seem that this should be done only after a careful examination of all the implications, and particularly the effect on trade unions as unincorporated bodies and the repercussions which, of course, may occur in the field of general law, both civil and criminal. Pending further information I am going to suggest to my hon. friend, having in mind that there is going to be an appeal launched as we are advised, that perhaps he would be willing to let the matter stand. I say to him, on behalf of the Minister of Labour, that if it is finally established that there is still any uncertainty or any defect in this section of the federal statute requiring correction, careful consideration will be given to the question as to whether or not an amendment along the lines proposed by my hon. friend should be undertaken. Having in mind this statement, I would ask my hon. friend if at this time he would be agreeable to allowing this bill to stand?

Mr. Speaker: I take it that the minister moves the adjournment of the debate?

Mr. Martin: Yes.

On motion of Mr. Martin the debate was adjourned.

CANADA ELECTIONS ACT

AMENDMENT TO REDUCE VOTING AGE

The house resumed, from Friday, June 4, consideration of the motion of Mr. Argue for the second reading of Bill No. 390, to amend the Canada Elections Act.

Mr. Argue: Mr. Speaker—

Mr. Speaker: I presume if the hon. member speaks now, he will be closing the debate.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I had not realized that the Leader of the Opposition (Mr. Drew) had completed his remarks on this bill, or I would have been in my place. I am really a little worried about the state of grace in which I find myself, when, for this the third time in almost as many days, I am in complete agreement with the Leader of the Opposition.

Mr. Fleming: Things are looking up for you.

Mr. Knowles: You were born a Tory, were you not?

Mr. Pickersgill: Well, I do not know whether it is possible to be born a Tory, but I heard a good deal about Toryism in my youth, and it took quite a long time to get over it. I hope, sir, that there will not be a relapse.

Mr. Drew: I assure the minister that agreement in this instance will not prejudice his position.

Mr. Pickersgill: I appreciate the intervention of the Leader of the Opposition.

I was about to say that I agree with what was said by him about this measure. I am not at all sure that when one attains the age of 21 years he is endowed with wisdom he does not have at 20, at 19, or 18 or 17, or even 14. The Leader of the Opposition referred to a member of his family who is 14, and I could refer to some members of mine, all of whom are younger than that and who sometimes display more wisdom than, in my very prejudiced view, is sometimes displayed by some legislators in this chamber—if I may be permitted to say that.

Mr. Knowles: The race is improving on that side of the chamber, too.

Mr. Pickersgill: But the reason I was impressed by the argument of the Leader of the Opposition—indeed, I had intended to make it myself, had he not got there first—was that it does seem to me that before we change the voting age we should change the age at which people who would vote would have full legal capacity. The age of 21 years is that at which one can sue and be sued on one's own account, and the age at which one assumes full legal obligations. As I conceive it, voting is one of the most important of the obligations of a full citizen. If there is to be a change in the voting age, as to the wisdom of which I think there can be two opinions, and about which up to now I must confess I have not formed any very strong views, it seems to me the other step ought to be taken first.

There is another danger in this kind of proposal. It seems to me it is the kind to which the hon. member for Assiniboia (Mr. Argue), and perhaps to an even greater extent the hon. member who represents Winnipeg North Centre (Mr. Knowles), are prone, and that is

what I might call the auction type of legislation. That is to say, someone in the house makes an offer and, with no early hope of having to accept any responsibility, the hon. gentlemen can always outbid.

Mr. Knowles: You are bidding 21; we are bidding only 18.

Mr. Pickersgill: Twenty-one, or bust.

I cannot see, really, why the hon. member for Assiniboia chose the age of 18; why he did not for example choose the age of 17. In fact, most of the argument advanced in support of this measure by most of those who supported it was, if my memory serves me correctly, that we ask people to fight at the age of 18, when there is fighting to be done, and that therefore if they are old enough to fight they should be old enough to vote.

One hon. member—and I think it was my fellow Manitoban, the hon. member for Provencher (Mr. Jutras)—pointed out that enlistments are permitted into the army, not at the age of 18 but at 17½. So that probably there should be an amendment, if that is to be the main argument. I do not think the fact that 18 years is already the law in Saskatchewan is any very compelling reason for most of us in the house to adopt this as a national measure.

Mr. Argue: Ask the hon. member for Rosthern (Mr. Tucker).

Mr. Pickersgill: The hon. member for Rosthern (Mr. Tucker), who is in committee and not in his seat today, is perfectly capable of making up his own mind.

The measure we are debating is a private member's bill having to do with the election of members to the House of Commons, a measure in respect of which there is no necessity of having any government policy at all. It seems to me that in relation to the election laws we, as members elected to this chamber, and not as members of the government or of the opposition, settle what the law will be. And it would not embarrass me in the slightest to find that the hon. member for Rosthern or the hon. member for Portage-Neepawa (Mr. Weir), or the Minister of Citizenship and Immigration (Mr. Harris), or any other member in the house took a view of this question different from the one I take.

As hon. members can see, the view I take is not strongly held, except on the one central point, that if we are to change the age at all, then the change should be in more than merely the privilege of voting. It should be to give people full legal responsibilities in every respect, when they reach the age at which they will be permitted to vote.

I was also impressed by the general line of argument used by the hon. member for Provencher in what I considered a very thoughtful and somewhat original presentation to the house. It has been my experience, and I believe it has been the experience of a great many young men and young women between the ages of 18 and 21, that those young men and women have not really formed very fixed convictions about a large number of questions which occupy the public stage, and about which in conducting our public affairs we have to form views.

I happen to be one of those people who think it is a good thing to have political parties, to have people belonging to those parties and, except when there are very strong reasons to the contrary, to have people stick to their parties. It seems to me, sir, that if we gave the vote at the age of 18 there would be a tendency for a great many more to vote in a stereotyped fashion, before they had really had time to complete their education and to do the kind of thinking and reflecting that some, at any rate, of the citizens do in those years. If I may be personal about it, since the hon. member for Winnipeg North Centre has drawn attention to the matter, it would have been somewhat more embarrassing to me if I had voted at the age of 18 because, undoubtedly, I would have voted differently from the way in which I have now formed—perhaps a habit—of voting.

Mr. Cameron (Nanaimo): A temporary habit.

Mr. Knowles: You do not have to stay in the rut.

Mr. Pickersgill: I hope I shall progress further; and if I do I suspect it will be because I belong to a party which is a genuinely progressive vehicle, and not merely one that sticks the progressive tag on its name.

Mr. Knowles: A horse-drawn vehicle, do you mean?

Mr. Argue: Have you got a forward gear?

Mr. Pickersgill: Yes, and also a brake. It seems to me that sometimes a brake is a very useful part of any mechanism that moves. I think, sir, there is another reason why, in default of any very strong ground for supporting this bill, it would be preferable not to adopt it. It is that elections—and I am not talking about what is spent by parties; I am merely talking about what it costs the taxpayers directly—cost a lot of money. If you brought thousands of additional—I have no idea what the statistics are, and I am not too good on this particular kind of arithmetic—electors, perhaps from

a quarter million to half a million extra electors, on to the rolls it would mean that the cost of holding elections would be considerably increased. I doubt very much whether the results of elections would be changed to any material degree. They might be occasionally; it is a little hard to say. But it seems to me that if we have—as we have in this country—universal suffrage for persons 21 years of age and over, we do in fact in a general election get an adequate and a fair cross-section of the whole population, and that after all is what the purpose of elections is.

I do think also it is undesirable to tamper with these conventional ways of doing things unless—and this is a very important qualification—one is really convinced that by changing them definite improvement will be made.

I do not know whether the hon. member for Assiniboia felt that if this change were made it would be of benefit to one particular party rather than another. I do not think he did. Personally, I do not think it would. On balance I do not think it will have very much effect of any kind, except to increase the number of votes cast, increase the number of voters, increase the cost of elections and possibly, too, impose on a lot of Canadians the duty of making up their minds about questions on which two or three years more reflection would probably enable them to reach conclusions which would be more valid.

I go back again to my own personal experience. I think I was just as intelligent at the age of 18 as I was at the age of 21, but in the interval I had had a certain amount of experience, or a certain number of experiences, sir, and for some of us experience does alter our outlook, and in some cases it does widen our horizons; it does in some cases add to our knowledge. All these things, it seems to me, are desirable.

I would not like to be misunderstood. I am not one of those neo-fascists who believe that only the good or the virtuous or the wise should be allowed to vote. I think it is just as important for those who are not quite so good and those who are not quite so wise to be allowed to vote, too.

Mr. Knowles: After all, you were glad to win the election.

Mr. Pickersgill: Well, what I wanted to make abundantly clear was I did not think that foolishness or stupidity or ignorance should be disqualifications of voters; but I do think that on balance, other things being equal, it is preferable that the voters should be informed, and I think the more information they can have the better. I do think on balance the electorate is a little more apt to be well-informed if the voting age is left at 21, where it now is, than it would be if it were to be reduced in accordance with the bill proposed by the hon. member for Assiniboia. It is for those reasons, sir, that I propose, if this measure should come to a vote, to oppose it.

Mr. T. S. Barnett (Comox-Alberni): I do not intend to discuss this measure at any great length. I agree with the Secretary of State (Mr. Pickersgill) that if the change in voting age which is proposed by this measure does come into effect I would not consider it to be a matter of world-shattering importance. But it is a question, as he has suggested, of judgment on which members from various parts of the house might feel they can express their honest views.

I have listened with a good deal of interest to some of the arguments that he has advanced, and they have included some relation to his own experience as a young voter. I would feel that if we had an election in this country every year there would be a good deal more validity to his argument than appears to me to be at the present time. I might, for example, interject my own particular experience on the first occasion on which I had a chance to cast a ballot. It so happened that the federal election was held when I had reached or just passed the age of 20, which meant, as you can readily see, that before I cast my first vote in an election I had reached the very mature age of 24 or 25. This question should be considered in part at least from that point of view. I have long felt that one of the most disconcerting aspects of our society is the lack of interest which a large percentage of citizens take in the public affairs of the country.

Frankly, my principal reason for rising to support this measure is that I believe it would serve to stimulate in the young people in the country reaching manhood and womanhood a greater interest in the public affairs of our country. I base my reason for that in part at least upon the fact that a great many of our young people in the country are finishing their schooling at approximately the age of 18, and that in most of our modern schools today a certain amount of time is spent in arousing in the students an interest in the institution of government and in various other aspects of public affairs. If it were possible, assuming that an election followed shortly after the graduation of students from high school, to have them participate in an election to the extent of at least casting a vote, then I would suggest, Mr. Speaker, there

is a likelihood that their interest would be stimulated and would continue. At least there is a greater likelihood than if they were faced with a period of years during which they would have to wait until they reached the age of 25 without having the stimulus of an election to interest them in a decision that is important so far as our national policies are concerned.

With regard to the argument advanced by the Secretary of State to the effect that along with this provision should go the right to assume full legal responsibility in every other aspect of life, I think I would agree with his point if he were to limit that to the right, for example, to stand for election and be elected as a member of parliament. But it seems to me on the basis of his own argument that the net result of allowing people of this age to vote would not be to cause any great change in the political spectrum of this country. His argument allows a good deal of ground for the discredited point that that right should not be given unless full legal responsibility in every other sense was allowed. I commend the points I have raised to the attention of the house before we are called upon to make a decision on this measure.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, in rising for a moment to oppose this bill I do not propose to repeat the different arguments put forward on several occasions during which this bill has been before us. I wish merely to state that it is only several years ago that a poll was taken in the Westdale Collegiate in Hamilton and in other high schools in that area and the pupils themselves were opposed to the earlier voting age. I rise merely to put that on record because I know it to be a fact.

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, before the hon. member for Assiniboia (Mr. Argue) speaks again there are just one or two remarks I would like to make on the general principle involved in this very interesting discussion which has arisen regarding the voting age. I am sure none of us here would wish to belittle or criticize or in any way discuss the lack of ability of our 18-year-olds, nor in any way mention their lack of wisdom or maturity. We all know that the young people in Canada probably have a broader outlook, certainly a greater opportunity for education, and probably a wider experience in the light of present-day living than they had a decade or two ago.

The argument has been raised that, having reached the age of 18, they have enough experience, wisdom and maturity to make it possible for them to vote intelligently, and hence this bill has been introduced. I assume that that is the only basis on which this bill can be justified. Well, the age-old view has been, of course, that 21 is the age of, I think it is called, discretion. That view has a long history and has existed, I suppose, ever since we have had the system of common law introduced in England. Ever since that system was set up 21 has been considered the age when one becomes legally responsible for one's actions. It is the only age at which a person can enter into a binding contract, and that is a basic premise that has been in effect for, I suppose, well nigh on 1,000 years up to this time.

Presumably there is a very sound basis for that legal belief, and it is not something that you can discard lightly. That is not to say that making the voting age 18 is directly related to that legal right, duty or responsibility, but it certainly is an encroachment on that principle.

As I have already said, it would take a very careful estimate of the situation before one could bring oneself to vote for this particular measure. If my memory serves me right, when the hon. member for Assiniboia was introducing this bill he said he felt—and he can correct me if I am wrong—that our 18-year-olds are better educated today than they were at one time and they were now in a position to vote intelligently at that age. Apropos of that there is a great deal of confusion existing in educational circles regarding the education our youth are now receiving. In Ontario last year the Ontario Educational Association conducted a survey of the province of Ontario to determine just what happened to school children after they started school, what qualifications they received, from which courses they finally graduated, and what happened to them up to the time of leaving university.

They found out that out of every 100 children who commenced elementary school, only 13 ended up with any sort of graduation certificate from high school. In other words, in Ontario only 13 out of 100 graduated with a senior matriculation in high school, and since it is a very progressive and rich province I presume that figure might well be applicable to the other nine provinces. I have no way of knowing, of course, whether that is true, but you cannot merely assume because the opportunity for education is there that that opportunity is always taken. Certainly if you are using that as a criterion I would submit that that criterion is not a valid one because 13 is certainly nowhere near a majority of the youth who

should graduate. The others leave school, I presume, at the average school leaving age of 16½ or 17.

Is it too much to say that they need the four years between 17 and 21, or the five years between 16 and 21, to feel their way, get their feet on the ground, and gain that experience which comes only with being in business and through the effort they must put forth to make a living? Is it too much to say that they need that four or five years to prepare their minds and to gain the necessary experience and information to vote intelligently?

It seems to me that is the only way in which we can tackle this problem. As I said, there has been a great deal of confusion in educational circles in Ontario regarding this particular problem and the plight of the student who is in high school, who leaves high school and goes on to university.

I know that of the 13 who graduate with a senior matriculation there are only three in Ontario who go on to university. Of that three, one quits, one fails and the other graduates, so we have an average now of one out of 100 children who go to elementary school in Ontario, graduate from there, and then finally graduate from university, according to the figures of the Ontario Educational Association in a survey they conducted in November, 1953.

With this in mind, and bearing in mind the views of other qualified people such as Dr. Hilda Neatby who, in her book, "Too Little for the Mind" created quite a furore, I think the situation certainly requires a great deal more study than we are able to give it, or can give it in this debate in the house at the present time. I would submit that the time is not ripe, the matter has not been sufficiently adjudicated upon, or the criterion on which we are going to change the voting age has not been sufficiently established for us to vote intelligently to change the voting age from 21 to 18 at this particular time.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, may I say that as I have listened to the various members who have taken part in this debate and who were opposing this bill, I find that that opposition is in accord with every extension of the franchise down through the ages.

Mr. Nowlan: How do you know?

Mr. MacInnis: I have read a little bit of history.

Mr. Nowlan: What do you mean?

Mr. MacInnis: I can tell my hon. friend that in this country for many years—

[Mr. Enfield.]

Mr. Nowlan: What a statement to make!

Mr. MacInnis: —we were definitely of the opinion that women were not persons and consequently were not entitled to vote. It was thought that women were really not to be trusted with the duty of voting to elect members of parliament who were to make the laws. I do not know, but probably my hon. friend still holds those ideas. However, he certainly would not advocate them now that women are important and have influence because they have the vote. To advocate anything of that kind would mean the disappearance of the advocate from any political scene.

From reading English history I remember the opposition to the universal franchise for persons 21 years of age and over when it was advocated in that country. I recall reading Lord Macaulay's speech in the House of Commons in opposition to the measure, wherein he told of the dreadful things that would happen to the British people if these uneducated workers were given the right to vote. However, they were given the right to vote and those dreadful things have not happened to the people of the United Kingdom. When women were given the right to vote in that country, they were not given the vote at the age of 21; they were given it at the age of 26. Although women are supposed to mature earlier than do men, they were not given the vote until they reached an age five years older than that at which men received the vote.

I think a good deal of nonsense is talked with regard to this matter of the age of discretion. In the *Journal* the other day, I saw a definition of "discretion". I am sorry that I forgot to bring it with me but I think it was to the effect that it is the age at which you find you cannot do the things you would like to do. It was something like that although it may not be just quite that. If it is not, it ought to be anyway.

I find that when a person becomes a member of the armed forces at the age of 18 or perhaps earlier, he is entitled to vote. If a person who becomes a member of the armed forces at the age of 18 is entitled to vote, what about the person who sets out to earn a livelihood for, say, his mother and the younger members of his family at the age of 18? I may say that there are many of them. Should not that boy or that girl be allowed to vote? Why all these fine distinctions? They have no validity at all. If the age of 21 has been set, as was said by the hon. member who preceded me, say for perhaps one thousand years, on what basis was it set? Who said that was the age where

men came to the point where they could choose right from wrong or when they should have the right to take part in government as mature human beings? It was something arbitrarily set by somebody. I do not know who the nincompoop was but I have no doubt that he was just as ill-advised as I would be if I said the age should be 17.

The hon. member who preceded me referred to Dr. Neatby's book. He is right. It caused a furore but I think that is all you can say for it. Whether there is any basis of knowledge or understanding underlying what she says is a question that is much debated.

I would suggest that we get down to earth and realize that our objection to this step is the old reluctance that has come down through the ages, the old habit of wishing to limit the franchise or participation in government to as few people as possible. The young people today at the age of 18—particularly those who have not had the opportunity to go to university but who have had to take up the responsibilities of citizens before they were 21—are entitled to the vote, and we should not refuse it to them.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I had not intended to take part in this debate, but in view of the comments made by the hon. member who has just taken his seat, I should like to say at least one or two words. Personally I have always followed the hon. member for Vancouver-Kingsway (Mr. MacInnis) with a great deal of interest and usually in what he has said I have found much to commend itself to one's reason and one's judgment. However, I think this afternoon he has departed somewhat from his usual custom —if he has not gone quite to the extent of being a rabble rouser—in suggesting that those who are opposed to this bill are guilty of reaction and of living in the past. I do not subscribe to that view and I do not think it is fair of the hon. gentleman to make that suggestion. I do not think that he has any basis whatever for making it. He can perhaps speak with authority on the position of women in public life and the reason for giving women the vote. I will accept his judgment on that matter.

However, I should like to put myself in the position of saying that I think I know about as much as he does about the young people in this country. I happen to be the father of five children, all of whom now have the vote. They are now old enough to vote intelligently and well because they are 21 years of age, even though it has taken a little while to train them to vote right. I can tell the hon. member for Vancouver-Kingsway that not one of them would accept his suggestion that it is desirable, necessary or fair that they should be given the vote at the age of 18. I have had the fortunate privilege of having children in my house, living as I do in a university town, and entertaining scores and scores of them. I am not speaking grandiloquently. Over a number of years scores of them have come in and out on Sunday nights and on week nights and they have discussed these matters.

I agree with the hon. member for York-Scarborough (Mr. Enfield) who spoke a few minutes ago on the difficulties of the situation. I think he was expressing the view of the young people in connection with this matter. With the problems being as complex as they are, they do not think that they have any God-given right to vote at the age of 18. In fact, they do not think they should vote at the age of 18. In fact, some of them wonder if we should have the age set at 21. I wonder if this is not a form of escapism that people are trying to get in hiding behind this matter and saying "There is something wrong with public life", yet bringing in youngsters of 18 to vote. What about ourselves? How many adults today are failing to accept their responsibility? How much do we fail in this House of Commons in impressing upon the public the necessity for dealing with these matters? Until we accept that responsibility, I do not think we should try to extend the franchise.

Mr. Speaker: It is now six o'clock.

On motion of Mr. Nowlan the debate was adjourned.

Mr. Speaker: At eight o'clock the house will resume consideration of the business that was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

The house resumed consideration in committee of Bill No. 339, to amend the Pension Act—Mr. Lapointe—Mr. Robinson (Simcoe East) in the chair.

The Chairman: Order. I understand when the committee rose previously we were discussing clause 2 and the amendment proposed by the Minister of Citizenship and Immigration. Shall the amendment carry?

Pension Act

Mr. Green: Mr. Chairman, clause 2, which it is proposed to write into the Pension Act, has the effect of repealing the provision which has been in the act since its inception in 1919 for setting the salaries of the pension commissioners. If the clause carries those salaries will from now on be set by the cabinet. There was considerable argument against such a change when the bill was in its earlier stages. In the committee on veterans affairs the parliamentary assistant brought in one amendment to this particular clause, but all it did was to provide that all the ordinary commissioners should be paid the same salary. There are of course higher salaries for the chairman and deputy chairman of the commission.

The committee will be interested in knowing that at the present time the salaries under the Pension Act are $12,000 per year for the chairman, $11,000 for the deputy chairman, and $10,000 for each of the ordinary members of the commission. This clause is most objectionable to all opposition parties and, I believe, to the veterans of Canada, for two reasons. In the first place, the setting of these salaries by the cabinet will do away with at least some of the independence of the pension commission. Second, it takes away from parliament and gives to the cabinet the right to set these salaries. That is contrary to what we had thought was the trend in this year 1954. We have been hoping that the cabinet would give up some of the autocratic powers it has had, and as a matter of fact the Emergency Powers Act was allowed to expire just eight days ago. But here we find a move in the opposite direction under which power is taken away from parliament and given to the cabinet.

First of all I should like to deal with our objection that this change will interfere with the independence of the pension commission. I do not suppose the Minister of Justice would have the temerity to argue in the house or anywhere else that the salaries of Canadian judges should be set by order in council. They have always been set by parliament. The figures have always been placed right in the statute so that the judges of the land know that they are not subject to any change being made in their salaries at the whim of the cabinet.

I suggest to you, Mr. Chairman, that there is even more reason why the Canadian pension commissioners should have their salaries set out in the Pension Act. There is even more reason why we should be careful to keep them independent and to build them up in every possible way as an independent body not subject to control by whatever government happens to be in power.

[The Chairman.]

The Pension Act was passed originally in 1919 just after the first war. In the original act the amounts that were to be paid to the chairman and the ordinary members of the commission were set out. From time to time since then there have been increases but in every single case the increase has been made by changing the statute itself.

Since I came here in 1936 I have been privileged to be a member of every special committee on veterans affairs. When it has been proposed to increase the salaries of the pension commissioners the change has been brought in in the form of a bill which has been referred to the committee on veterans affairs and in due course has come back to the house and become law in just the same way that judges' salaries have been dealt with twice within the last six or seven years.

This is very important to the veterans of Canada because they feel that the pension commission should be kept independent. One has only to go over the other provisions of the Pension Act to realize that the legislators who passed the act in the first place were very careful to build up the independence of the commission. I refer, for example, to section 4 of the Pension Act, and I believe that each of these provisions I am about to quote has been in the Pension Act since 1919. Section 4 reads in part as follows:

> The commission shall be attached to the department and the expenses required to be incurred for the discharge of its duties shall be paid out of the moneys provided by parliament.

I point out that under that section the commission is not made a part of the department but is merely attached. That was one other way to help to keep the commissioners independent. Section 5 reads as follows:

> Subject to the provisions of this act and of any regulations, the commission has full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any pension under this act and to the recovery of any overpayment that may have been made; and effect shall be given by the department and the comptroller of the treasury to the decisions of the commission.

There you have the commission given absolute power with regard to pensions, and I would point out that the last sentence is particularly noteworthy in that it provides that effect shall be given by the department and the comptroller of the treasury to the decisions of the commission. In other words, if the pension commission decides that a veteran is entitled to a pension, treasury board cannot interfere. They cannot come along and say: "You should not have given that pension", because the Pension Act is so worded that the

pension commission has absolute jurisdiction. Another significant section is subsection 5 of section 5 which reads as follows:

The commission shall determine any question of interpretation of this act and the decision of the commission on any such question is final.

That means that where there is a doubt as to the legal interpretation of the Pension Act the pension commission can make that interpretation and their decision on such question is made final. Another significant section is 6 which reads as follows:

The governor in council may impose upon the commission like duties in respect of any grants in the nature of pensions, allowances or gratuities authorized to be made under any statute other than this act and effect shall be given to any adjudication by the commission under any such act either by the department or such other department of government as the governor in council may direct.

That goes very far too. I submit that it means that the handling of old age assistance payments, for example, could be turned over to the Canadian pension commission. The Department of National Health and Welfare would be bound to follow the rulings made by this pension commission if that were done.

The act shows clearly that this pension commission was intended to be a judicial body. Commissioners are always under suspicion from the veterans of Canada, because in many cases they have to turn down an application for pension. The first thought of the wounded or sick veteran in my province who fails to qualify for a pension is, oh well, that pension commission is just a branch of the government and they have turned me down; it is not a proper court and I would like to appeal to the county court or the supreme court of British Columbia.

For many years there have been rather insistent demands that there should be an appeal to the courts provided for these applicants for disability pension. Surely, the Prime Minister and the members of the government realize that by taking away these provisions for leaving parliament in control of the pension commission they are weakening that commission and making it all the more subject to criticism from the veterans of Canada. They are making all the more justification for a demand from the veterans of Canada that there be an appeal to the courts of this land from decisions of the pension commission. If it is to continue as a judicial body, then let us see that it has the same standing as the courts, and that the pension commissioners are directly under parliament rather than being under the cabinet.

The Canadian Legion take a very serious view of this. I have here the brief which they submitted to the standing committee on veterans affairs, and the Legion had this to say about this particular question:

The Canadian Legion looks upon section 2 of Bill 339 as a serious potential infringement of one of the basic principles of the Canadian Pension Act.

The original, and I think the continuing intention of the act, was that the Canadian pension commission be as independent as parliament can make it. This is as it should be.

After all the whole basis of our veteran and pension legislation rests on the conscience of the Canadian people who express their wishes through you their elected representatives. Parliament guards that trust, and indeed it is for the express purpose of executing the trust that the committee of parliamentary members meet here today.

But section 2 takes away from parliament the right to establish the quantum of salaries to be paid the pension commission and gives the right to the cabinet.

We feel that this is a definite move against the autonomy of the pension commission, an autonomy which was established by parliament and must be protected by parliament.

The salaries of the judges of our courts are fixed by parliament. That is admittedly necessary for the safe functioning of our courts. We are confident that any attempt to make or to have the judges' salaries fixed by the executive branch of government would cause a mighty outcry across the nation.

We contend that the pension commission is also a judicial body, and as such it is important that it be left so far as possible in a position that it is answerable to parliament alone. We, therefore, must strongly urge upon the committee, that the time tested and vital principles by which the pension commission salaries are fixed by parliament should be retained. We feel most strongly that parliament must continue to control in every possible way the administration of the Canadian Pension Act.

The national council of veterans also submitted a brief and they were very hesitant about this provision. They said if it did not interfere with the independence of the commission, then it might be all right. There was a great big "if" at the first of their submission.

Mr. Lapointe: I think the hon. member should read what they said.

Mr. Green: Yes, I shall be glad to do that. It reads as follows:

If—

And I emphasize that word.

—this section will facilitate the fixing and administration of commensurate salaries, without impairing the force and effect of appointments to the commission by the House of Commons, and protected from partisan or other influences which would be detrimental to the fair and impartial administration of the Canadian Pension Act, we have no objection.

Mr. Lapointe: You emphasize the "if" and I will emphasize the "we have no objection."

Mr. Green: I emphasize the "if" and I emphasize the stand taken by the Canadian Legion.

Apart from my first submission entirely, I submit that for the sake of parliament itself, this change should not be made. We have not had a free parliament in this country from 1939 until the end of May when the Emergency Powers Act went off the statute books. This parliament has been under the thumb of the cabinet since 1939, so why in June, 1954, should the cabinet seek to take away from parliament the power to set the salaries of the Canadian pension commission? This move is nothing more nor less than an affront to parliament and I can see no reason why we should agree to a change of this kind being made.

As a matter of fact, the government members on the committee were put under a great strain in trying to justify the change. One of them, and one alone, had the courage to stand up and take his stand against it. All the rest of the Liberal members of the committee voted to bring about the change. The arguments that they put up—really, I have never seen some of these able parliamentarians like the hon. member for Spadina put to such great trouble to try to make arguments that even could be listened to let alone taken as being logical. They said this change is unimportant; there is nothing to this change. Why not do some of the important things? The hon. member for Vancouver South said, why bother about this little thing? What we want to do is to increase the war veterans allowances.

Mr. Knowles: Hear, hear.

Mr. Green: He knew very well that the government would not allow this committee to even consider the war veterans allowance, let alone raise it. When that matter was under consideration in this house he did not get up and say he wanted the allowances considered. He was on the side of the government at that time.

Mr. Philpott: On a question of privilege; if my hon. friend will look at the speech I made when we were considering raising the indemnities of members of this house, he will see that I said very clearly I would much prefer to be voting for an increase in the war veterans allowance or the old age pension.

Mr. Green: Why did the hon. member not say that when the members of all opposition parties were trying to get the powers of this committee extended to consider war veterans allowances? He was strangely silent then about war veterans allowances. However, in the committee that was his argument, that he did not want to be bothered with these pension commissioners' salaries; he was all for rushing in to get the war veterans allowance increased.

The hon. member for Spadina, and one or two of his other colleagues who dared to say anything at all said, why this is going to improve the administration of the Pension Act; it is going to be much easier to get salaries raised if we do not have to go to parliament. We will be able to get it done much quicker. There will not be a lot of fuss about it. It will be all over, and then it will be possible to spend our time on something else. This administrative argument about changing more quickly, well they rang the changes on that. And that was about the only argument they had, as a matter of fact. There was nothing else they could think of to justify it.

And I will be very much interested to hear what the Minister of Veterans Affairs has to say this evening to justify these changes. And I would like to ask the hon. member for Spadina to get up and tell us how he justifies this change being made. Let some of these other members get up and say to the house what they are saying around the corridors about this change. Let us hear them justify it; let us hear them justify taking away from parliament the right to set the salaries of the pension commissioners.

Mr. Abbott: Let us get the auction going again!

Mr. Green: Oh, the Minister of Finance may think this is funny.

Mr. Abbott: No; I just said, "Let us get the auction going again."

Mr. Green: Never mind the auction. This is not particularly funny for over a million veterans in Canada.

Mr. Abbott: We must be fair to the taxpayers as well as to the veterans.

Mr. Harkness: This does not affect the taxpayers at all.

Mr. Green: I do suggest this: Let the Prime Minister give his followers the freedom to vote as they see fit. Let him get up and tell the house that the life of the government is not at stake, and then let the Liberal members vote as they see fit. I will be very much interested to see how they vote, if he will put them in that position. There can be no excuse for enforcing party discipline on a question of this kind.

There is only one reason for making this change, and that is that it is intended to raise the salaries of the pension commissioners, and the government does not want

to have any more publicity than is necessary in connection with it. It wants to be in a position to raise these salaries after members who are attending this session go to their homes. At that time there can be no discussion about it, until the house meets again in the fall, or after the new year. In fact, there could be no discussion until we got down to a consideration of veterans affairs estimates a year from now. Then we would be faced with an accomplished fact, and there would be no possible chance of making any change at that time. There would be no use talking about it then. The salaries would have been raised; parliament would have been by-passed.

That, I submit to you, is the reason why the cabinet is making the change proposed here in the bill. And let me close with these words, that this change is not of the slightest benefit to the veterans of Canada. This is a provision written into the Pension Act, not for the benefit of even one veteran in this country, but for the benefit of the government and of the members of the pension commission. This change will shake the confidence of the veterans of Canada in the pension commission; there can be no other result. Furthermore, it strikes at the independence of the pension commission. There would be no more justification for the Minister of Justice to come into this House of Commons with a provision whereby judges' salaries would be set by order in council than there is for this provision concerning members of the pension commission.

Mr. Knowles: Do not suggest that.

Mr. Harkness: That will be the next move.

Mr. Green: Well, the Minister of Justice may be pretty dumb, but he is not that dumb.

Mr. Abbott: I can think of others who are just as dumb; can't you?

Mr. Bennett: You should be a pretty good judge.

Mr. Green: I do not include the Minister of Veterans Affairs in that statement.

Mr. Abbott: Speak for yourself, John.

Mr. Green: Finally, this change is taking power away from the Canadian parliament; and, as such, it is entirely wrong. I hope the Prime Minister and other members of the cabinet will just take another look at this section before they force it through the house. If they are not interested in the submission made by me, or any other member on the opposition side of the house, then let them consider the veterans of Canada. And if they do that, they will not force this present change through.

Mr. Gillis: Mr. Chairman, it is rather unfortunate that the veterans affairs committee had to return to the house with a controversy of this kind on its hands; because, otherwise, the committee got along very well. It brought about a good number of changes in the proposed legislation. It is bad near the end of a session to bring in a sore spot like this. The hon. member for Vancouver-Quadra has served one very useful purpose: If you happen to be with him in opposition he makes his case pretty thoroughly; and it saves time for whoever comes behind him in the debate.

Now, I agree with him. We agreed in committee, and it is unfortunate we have to repeat it in the house. I agree that if the principle of parliament setting the salaries of the commission was correct from 1919 to 1954, there was not anything I could see that should have changed it.

The second point we have to consider is that there is a principle at stake here, and that is the right of members of parliament to vote money. That principle is at stake; and it is not a good thing for members of parliament to get away from that principle.

The next thing I see that is bad in the proposal is that it interferes with the independence of the commission. That commission was always looked upon as an agency which would operate between the government and the veterans, with the veterans affairs committee acting as a kind of referee. But if the cabinet now appoints the members of the commission—well, in my judgment the most trouble the commission has had in the past has been with treasury board. And if we now grant the right to at least some members of treasury board to fix the salaries of the commission, in addition to making the appointments, then in my opinion it will have the effect of making the members of that commission subservient, at least to some extent, to members of treasury board. It creates a very bad psychological effect. This complex is created, whether we like it or not: "I am working for the cabinet; they appoint me; they fix my salary; they pay me, so I had better be a good boy." There can be no doubt about that, and I think it is a very bad principle. Even at this late date this should be reconsidered.

Now, I know there is a very important debate to come up soon on an important section of our economy. I do not want to belabour this matter. We are all on record in committee. On the two points I have set out, I completely disagree with the proposal as it stands at the present time. It is bad legislation. It can set a precedent: The Minister of Justice can come in and ask for

the same concession; the Minister of Transport can ask for the same thing for the benefit of the board of transport commissioners. And after that precedent is set, in the event of any argument every member is in a position to do what Mr. Speaker does every once in a while: He can go back to 1800 and take a ruling made by someone, and offer it as a precedent to justify a decision now being made.

We should consider very carefully before we pass this kind of legislation. As I said before, the committee acted in a flexible manner in respect of the bills that went before it. Many good amendments were made. This was one of the points at issue, and I think it deserves reconsideration on the part of members in the House of Commons. There should be no effort to drive in a wedge at this stage of the session. It would be a very bad precedent and, as the hon. member for Vancouver-Quadra has said, it would shake the confidence of veterans across the country. It would take from members of parliament the right to vote money, and that is another bad precedent.

I believe someone on the government side, preferably the Minister of Veterans Affairs, should say, "Let us try this for another year." We have had it since 1919. It has not done any harm. The commissioners are not underpaid, and as far as I am concerned I have always thought that when they came before the veterans affairs committee they came as representatives of the veterans in an independent position. If they come in next year as appointees with salaries fixed by the treasury board, as far as I am concerned they will no longer be independent. They will be there as representatives of the government, because he who controls my job and pays me controls me. That is true in any walk of life that you may get into. I join with the hon. member for Vancouver-Quadra in what he said. He put the case very well; there is no need of my repeating it. All members on the committee from our group take the same position.

Mr. Quelch: This clause has been what you might call the main bone of contention in the veterans affairs committee. The government has tossed it to us and said, chew on it for a while. I listened to the interesting speech of the hon. member for Vancouver-Quadra. He made a pretty good case for rescinding this clause. He asked for explanations from the government as to why it was necessary to change clause 2. I understand that this section has been in the act since 1919. Therefore it is rather strange that in 1954 the government decides to change the method by which the commission shall be paid. The explanatory note merely says:

> This is a new subsection which provides that the salaries of the chairman, deputy chairman and commissioners, including ad hoc commissioners, are to be fixed by the governor in council rather than by the statute as heretofore.

There is not one word of explanation there as to why the change is made, in spite of the fact that members on this side of the house and members from all parties have asked the government and the Minister of Veterans Affairs to give an explanation. So far we have not had a single squeak from the government. Surely it is about time that we received some information as to why this change is necessary.

When we go back to our constituencies and address meetings of veterans and they ask us why this change was made, what will be our reply? What explanation can we give to them as to the reason why the change is being made? We have not had an explanation. We hear a lot of explanations being given by members of different groups but they are not the type of explanations that one would like to give to a veterans' meeting. It is said the change is made in order to make it possible for the government to raise the salaries of the commission without going through parliament; that it is being made in order to give the government the whip hand over the commission so that if they grant pensions that are too high then they can be threatened with a reduction in salaries. If, on the other hand, they do just exactly what the government want them to do they will increase their salaries as a reward. I do not agree with that, but we must have an explanation.

The Minister of Finance shakes his head. I think he should shake his head. He should do more than that. He should rise in his place and explain to the committee why this change is necessary, because we are going to have to make an explanation, and if we are not given an explanation by the government, we shall have to give an explanation of our own. I am afraid that if we give an explanation of our own it will perhaps not be as good an explanation as could be given by members of the government. Therefore we shall be bound to vote against this clause unless the government can give some good reason why the section should not remain in the act.

Mr. Nesbitt: Mr. Chairman, I have a brief word on clause 2. First of all we should consider what sort of a body the pension commission is. Is it a quasi, or semi-judicial body, or is it not? If it is not a semi-judicial body, then there should be procedure for

appeals from it to the courts. If it is a quasi-judicial body, then it should be as independent as possible, and the salaries of the commissioners should be fixed by parliament and not by order in council. It is either one or the other. It would appear from what we have had intimated to us by members of the government that it is a quasi-judicial body. That seems the whole tenor of the intention of the act all the way through, as the hon. member for Vancouver-Quadra has already pointed out. If it is a quasi-judicial body, I do not think there is a member in this house who seriously would get up in his place and say that the body should not be as independent of the government as possible, since that is the whole purpose of quasi-judicial bodies, to be independent of the government.

Explanations have been offered by members on the government side of the house as to why this is being done. It is said that it is more expedient; that it is quicker; that parliament sits too long now, and that rather than having to introduce a bill to change the salaries of the pension commissioners it could be done much easier by order in council. I have never heard any argument presented before, on behalf of any kind of democratic government, that used expediency as an excuse. There were certain states in the world that used expediency as an excuse for their existence, but fortunately several of them have passed out of the picture.

Let us look at this question of expediency. How often would the government have to introduce a bill to change the salaries of the pension commission? That is one of the explanations that has been offered. Would it have to be done every year, every session of parliament, or once every parliament?

Mr. Lennard: Once every ten years.

Mr. Nesbitt: Perhaps once every ten years but not more often. If the raising or the lowering of the salaries of the pension commissioners was justified, it is quite likely that the bill would go through without any trouble. If it was not justified there would be a lot of debate about it. If there was some objection to lowering or raising the salaries of the commissioners there should be a debate about it. That is what I always understood we were sent down here for. If there is some objection to anything like that, it should be debated.

There are one or two other remarks I should like to make with regard to the matter, but it was adequately covered by the hon. member for Vancouver-Quadra and the hon. member for Cape Breton South. However, I should like to mention the fact that the Canadian Legion, which represents by far the greatest number of veterans in Canada and certainly could not be described as a splinter group, went into this very carefully in their brief, and they objected strenuously to it.

The other thing is whether the cabinet—and I do not think anybody actually believes that the cabinet would—would interfere with the pension commission. I do not think that is fair criticism. But whether they would interfere or not, the fact that the pension commission might think that they would might affect the commission's actions. If you think that your independence is going to be threatened you might behave in a little different way from what you ordinarily would. Of course there is the other matter, too; that it is possible by order in council to raise or lower the salaries of the pension commissioners without the introduction of a bill, and parliament would not have to pass on it. It has been suggested that that might be the reason this change is being made in the act.

The last thing I should like to mention is this. There is another answer given by government members as to why we should not argue this matter. They say it is only a trivial change in the act, and since it is trivial, why should we waste the time of the committee or the house arguing about it? If it is such a trivial thing, after all the objections that have been put forward by the Canadian Legion and by all the opposition and by one member on the government side of the house, why is the government hanging on to this amendment to the act with such bulldog tenacity. There must be some reason; otherwise they would save all the time that is being taken by deleting section 2. There must be some reason for hanging on and I think hon. members are entitled to an explanation of what it is from the minister.

Mr. Dinsdale: I opposed any change in section 2 most strenuously in the committee, and I want to take this opportunity this evening to repeat the opposition to the change here in the committee of the whole house. I can state my viewpoint quite briefly so as not to labour the point. I think the proposed change in section 2 violates a fundamental principle regarding the sovereignty of parliament. It is because of that that I opposed it in committee and repeat that opposition at this time.

During the first half of the present century there has been a tendency for the consideration of governmental business to shift from the floor of parliament to the offices of the executive arm of government. No matter how you look at this change, the only answer that comes out is that it is just another subtle erosion in the same direction. It is removing

discussion and control from the floor of the House of Commons and vesting it in the executive arm of government. That process has been described as the "passing of parliament" by authorities on our parliamentary process and procedure. That is the reason why I oppose what has been described by government members on the committee as a small attempt to shift the governmental centre of gravity from the floor of the house and place it in the hands of the executive.

This issue in some respects reminds me of a struggle which took place in this house shortly after I first came to parliament when a seemingly innocuous bill was introduced by the then minister of public works which, if carried, would have interfered with the principle of tendering for government contracts. A great outcry arose from all sides of the house with the result that the bill was defeated in a resounding fashion. It is my hope that as a result of this renewed discussion on the floor of the house tonight all hon. members will take a firm stand against any further invasion of the sovereign rights of parliament, because in the long run it is not the large issues which have brought us to this sorry pass, as far as parliamentary procedure is concerned, but the small nibbling away at our parliamentary processes.

This has been said before but I repeat it now. The only argument which has been advanced in defence of this measure, and it was done in a halfhearted and feeble fashion by those spokesmen on the government side who usually tackle points of discussion with vigour and enthusiasm, was that of administrative efficiency and, in other words, the streamlining of the parliamentary process. If that is the objective why not do away with parliamentary discussion altogether? The basis of our democratic parliamentary system is the public discussion of important issues. Because of that fact, Mr. Chairman, I would very strongly urge hon. members of this house to adhere to the same principle in regard to the control of the salary of the members of the pension board as that which applies to the judiciary in Canada at the present time; for this board, as has already been pointed out, is more or less a semi-judicial body.

Mr. MacInnis: Mr. Chairman, I very seldom take any part in a debate on veterans affairs because in this group we have a number of members who make a study of veterans legislation and bills of this kind are usually left to them to our entire satisfaction. I am not speaking now because I am not satisfied with what has been said on this matter by the hon. member for Cape Breton South; I am merely supporting the position he has taken.

[Mr. Dinsdale.]

From the moment I saw this provision in the bill when it was first introduced in the house I felt it was a proposal that should be opposed by every hon. member in this house who has any concern for the freedom of members of parliament and for increasing the influence of parliament in our life. I think it is a most dangerous thing to have a body such as the pension commission have its salary set without reference to this house. I have had considerable dealings with the pension commission at various times and always of a satisfactory nature. By that I do not mean that they were always able to provide a satisfactory solution to the problems I put before them, but I am quite sure they provided a satisfactory solution in so far as they were able to do so within the ambit of the legislation. But now we are not to be allowed to have some say on the salary of the commission members. That being the case I do not see how we can have any say in setting the salaries for other commissions. I would urge the government not to force this bill through the house on a majority vote. That would be doing violence to the constitution of this house.

Such bills, as an hon. member said over here a few moments ago, do not come up every year or several times a year. Increases in salary, or decreases—and that might happen some time in the future if things keep on going the way they are now—come up only on occasion, and if hon. members do not take a little time to debate the issue then it is not worth while. I would therefore urge the government as strongly as I can to take another look at this matter and leave the act as it was in this respect.

Mr. Montgomery: Mr. Chairman, while there may not be very much to add to the arguments that have been advanced I wish to put myself on record as supporting the hon. member for Vancouver-Quadra, the hon. member for Cape Breton South, and others who have spoken. In the last few days I have received several letters from branches of the Canadian Legion in my part of the country inquiring whether I was supporting the Canadian Legion brief. I have had no hesitation in saying that I am supporting their brief, because I am sure what they ask is quite reasonable.

As regards this particular legislation I think the government has advanced a very weak argument by claiming it is not important. If it is not important then why ask us to pass it? I have heard that argument advanced now with respect to several pieces of legislation recently and it seems to me the government should not bring in any legislation which is not important. That was the argument advanced with regard to the

National Harbours Board Act. If that is the case, who is wasting the time of the house? If the government brings in legislation that is not important we are not going to get anything but criticism from the Canadian Legion and the veterans. If the government says this is not important then they are going to come to the conclusion that what any member of the government party or any member of this parliament says is not important.

Without spending any time whatsoever on the matter, may I say that I think those who are responsible for bringing this legislation forward should take another look at that particular section because it is not going to be popular. There may not be any harm done, but it leaves the impression that harm can be done; and I do not think it is a good type of legislation.

Mr. Diefenbaker: Mr. Chairman, for the last two hours or almost two hours the committee has been listening to criticism with regard to this unusual piece of legislation. The Prime Minister has been here in the chamber. I remember so well the Prime Minister, when he was president of the Canadian Bar Association, expressing himself in the strongest possible terms on the need for the preservation of the independence of all judicial and quasi-judicial institutions. The minister may say that he has not yet had an opportunity of answering the question that is in the minds of the members of this chamber, particularly of those who view changes such as this one as major intrusions on the independence of boards that should be above any suggestion of executive control. Surely the minister can answer an extremely simple question. I am sure no hon. member on this side of the house will interfere with him or prevent him from rising and having the opportunity to do so. Indeed at this very moment, if the minister will rise and answer one question, I will give him the opportunity to do so.

The question is this. Why is this power asked for? What is the reason for this change? Why are the salaries to be fixed by the governor in council or the cabinet? What has the government in mind? What is it afraid of? Certainly we now sit long enough to enable measures such as this to be introduced. Why does a measure like this find its way on the order paper in the last days of the session if the purpose is not to push it through? We want to know why the government asks for legislation that the veterans of Canada do not want. My own branch of the Canadian Legion, as well as practically every other branch of it, has taken its stand against this legislation. What is the government trying to do? Is it trying to pronounce the death warrant on the judicial independence of this commission? Is it trying to make this institution that has been above politics a meaningless fiction in so far as independence is concerned? The minister is here. He could answer that question simply.

Mr. Brooks: But he will not do it.

Mr. Diefenbaker: His parliamentary assistant is with him. Indeed the matter is of so serious consequence that I am surprised that the Prime Minister, during the time he has been here, has not seen fit to rise in his place and explain why this measure is introduced. Why stultify this commission? Why place it under the control of the cabinet? Why make it a pawn? I know that the people of this country must be beginning to realize the fact that this government has developed a deep-rooted tendency to invade the rights of the individual and to destroy the independence of many of our institutions. Why apply legislation such as this to the one body in this country that has been above political considerations, namely the pension commission? Those are questions to which I think any fair-minded person would ask an answer.

Is this commission to become a pawn to be pushed around and to be controlled by the cabinet? That is the power, if it is granted by parliament, that will conceivably be placed in the custody of the cabinet. If one of the members of the commission does not act as the government would have him act, what is there to prevent, by order in council, reducing that person's salary or the commissioners' salaries in general? What is the purpose of this legislation?

I have sat here and listened to the debate. Even the chairman of the veterans affairs committee is here. I have heard him fulminate in the Saskatchewan legislature against this kind of thing. I have heard him speak of the danger to democracy in control over commissions and boards. I hope he will rise now and give this committee the benefit of his experience in that legislature in which he over and over again spoke of the danger of control by the executive over the instruments set up independently to administer the law. I cannot believe that he supports this measure. I should like him to make one of the speeches he made in the legislature of Saskatchewan. Powerful speeches they were and powerful were they in their arguments. I should like him to make here in this chamber one of those speeches against this measure which constitutes one of the most

serious invasions of the power of a quasi-judicial body that has ever been brought before the House of Commons.

Mr. Rowe: He likely will.

Mr. Diefenbaker: There are other ministers here besides the Minister of Veterans Affairs. I should like them to speak on this measure.

Mr. Rowe: The Minister of Agriculture.

Mr. Diefenbaker: I should like them to speak on the power of the executive to control a body created by itself by having within its control the right to determine the salaries to be fixed. I remember hearing the late Mr. King speak so often about the rights of the individual and the need for the preservation of the independence of bodies set up by the crown and of their freedom from invasion by the executive and the representatives of the crown. If ever there was a piece of legislation that has within its simple wording the threat of the undermining of the independence of one of the greatest bodies that has been free from political influence within our country, it is this one. That threat is contained in these simple words: The chairman, the deputy chairman, and the other commissioners and ad hoc commissioners shall each be paid a salary to be fixed by the governor in council. As far as we are concerned, Mr. Chairman, may I say this. It may be late in the session but this is one thing we are going to fight in order to maintain the independence of judicial commissions and quasi-judicial bodies.

Mr. Churchill: Mr. Chairman, I think we are indebted to the members of the House of Commons who served on the veterans affairs committee and to other hon. members who have also spoken this evening in drawing the attention of the committee to this legislation which they and others of us find to be objectionable. I am happy to be able to participate in this debate because I have been waiting for over a year to have another word with the Minister of Veterans Affairs. It is just over a year ago that we had an exchange of opinions in the House of Commons, when the minister was at great pains to point out to me that he had nothing to do with the pension commission, that he had no jurisdiction over it and that he could not interfere with it in any way, although I did not ask him to do so. He was very emphatic in indicating to the house that the commission was an independent body and that the minister had nothing whatever to do with it. As evidence of that let us look at his words as found on pages 5136 and 5137 of *Hansard* of May 11, 1953. The minister was replying to me in the course of our exchange of information and he said this:

> The hon. member also knows that this parliament has given the Canadian pension commission sole authority and exclusive jurisdiction to adjudicate on all claims under the Pension Act. As minister I cannot make any comment on any of the decisions of the commission, nor can I intervene.

Then he goes on to say:

> I believe this was wise legislation on the part of parliament. Otherwise it can readily be seen that if a minister could intervene in any of the decisions of the commission his office would be used as an appeal court on all pension matters where applicants were not dealt with as they felt they should have been.

Then he concludes with this sentence:

> This legislation was passed by parliament as a result of requests by veteran groups.

I think that was a clear exposition of the position of the pension commission and of the position of the minister. Why are we now faced with the situation where the minister wants the power to intervene in some way with the pension commission, the power to intervene, as other members have pointed out tonight, through the medium of the salaries of the commissioners? If this clause is passed the Minister of Veterans Affairs will have something to say with regard to the pension commission. Last year he had nothing to say and wanted to have nothing to say. He did not want anybody to express opinions to him with regard to findings of the pension commission and so on. He washed his hands of the pension commission. Why does he now wish to have something to do with the pension commission?

A few minutes ago the hon. member for Prince Albert said—and I think these are his words—that the government now asks for legislation that the veterans of Canada do not want. A year ago the minister pointed out that this legislation was passed by parliament as a result of requests by veterans' groups. If the legislation was passed by parliament in response to the requests of veterans' groups and through all these years has been considered very satisfactory, why is the government now attempting to do something that is contrary to the wishes of the veterans' groups? We are hoping that we will have an explanation from the minister with regard to the encroachment upon the pension commission that will be achieved if this particular clause passes which will give to the governor in council a means of influencing the pension commission.

Mr. Lapointe: Mr. Chairman, I must say that I am rather surprised at the violent tone that the debate on this particular section

of the bill to amend the Pension Act has at times assumed. When second reading of the bill took place I had the illusion that I had very simply and clearly explained the reason for this amendment. I explained at the time that the only purpose in amending section 2 of the Pension Act, which at the present time fixes the salaries of the members of the pension commission, so that these salaries would be determined by the governor in council was to make the act more flexible in administration.

Some hon. Members: Oh, oh.

Mr. Lapointe: My hon. friends may laugh but I suggest that if many of them had to wait a couple of years until parliament made up its mind to give them an increase in salary to which they were entitled they possibly would not laugh so much. I explained at the time that it was solely for the purpose of being able to adjust the salaries of the pension commissioners in the same manner as adjustments are made from time to time among senior civil servants who belong to the same class of salaried government employees. I explained that in the past occasions had arisen where general increases had taken place but where members of the pension commission had not obtained the increase immediately and had to wait for a pretty long period of time until the Pension Act was amended so that they could benefit from the general increase given throughout the country.

That is the only purpose. We have heard hon. members opposite say that by introducing such an amendment to the Pension Act the government is challenging the independence of the pension commission. It has also been said that we are taking away from parliament the right to vote moneys and are going to do it by order in council.

I think, Mr. Chairman, that almost every member of the house is very well acquainted with the members of the Canadian pension commission. I would suggest that almost every hon. member has had to deal with the Canadian pension commission and has been able to satisfy himself as to the integrity and independence of every member of the commission. I doubt that any hon. member opposite would think that any member of that commission which adjudicates on the pensions to be given to veterans would be affected by the fact that the government has introduced this amendment to section 2 of the act.

It is all very nice to attack the government by saying that by such an amendment we are challenging the independence of the commission, but how is the commission created? Subsection 8 of section 3 of the Pension Act is the one which, so to speak, constitutes the commission so far as terms of appointment are concerned, and it reads as follows:

> Each commissioner, except an ad hoc commissioner, holds office during good behaviour for a period of ten years from the date of his appointment, or for such lesser period as may be specified by the governor in council in the instrument of his appointment or reappointment, but any commissioner, including an ad hoc commissioner, is removable at any time for cause by the governor in council.

That section has been in the act for I do not know how many years, certainly for many years before I had the privilege of holding the portfolio of Minister of Veterans Affairs. In other words, each one of these commissioners is appointed by order in council. He can be appointed for a year; he can be appointed for two, five or ten years, but not more than ten years. When his term of appointment is up, even if it is an appointment for one year he can be reappointed only by order in council, and should any reason arise, which fortunately has never happened, he can be removed by order in council.

Now, I sincerely ask hon. members in what manner will the present amendment add something that will affect the independence of that commission? Hon. members say we are taking away the responsibility of parliament to control money. They all know that as the matter stands now the salaries of these commissioners are provided by statute, and become a statutory item in the estimates. Parliament, from year to year, does not even consider the statutory item covering the salaries of the commissioners. If these salaries are fixed by order in council, every year the Minister of Veterans Affairs, who is responsible for providing funds to administer the commission, has to come before this house and request approval of the necessary funds to pay the commissioners' salaries. Every year hon. members who are so ardent in their defence of the right of parliament have occasion to either approve, diminish or make any suggestion concerning the salaries of the commissioners they desire, whereas they would not have that opportunity under the present statute.

Now, Mr. Chairman, in my opinion that is the crux of the question. I repeat that I believe every hon. member who has to deal with the Canadian pension commission will admit this body has always been above political considerations. I can assure hon. members in this house that if I had thought for one minute that by bringing forward this

amendment I was challenging the independence, the autonomy of that body, I would not have recommended it to my colleagues in the government.

Some hon. Members: Question, question.

Mr. Macdonnell: I have listened with interest to the arguments that have been made on this side and now with even greater interest to the arguments of the minister. I was struck, first of all, with the phrase he used as an excuse for this change, that it would be more flexible in administration. Of course, every acquisition of power makes things more flexible in administration; that is a classic argument which could be used in eroding all the power, such as it is, that is still left in parliament. I do not think that argument carries us very far.

Secondly, we come to another classic red herring, and that is the character of the commissioners; by seeking to maintain a principle apparently we are assailing the characters of the commissioners. That was a red herring which I thought was very unworthy of the minister. Nobody on this side is assailing the character of the commissioners. What we are trying to do is prevent a situation arising where it may become more and more difficult for them to discharge the duties that are left to them. Those were the chief points, it seemed to me, the minister made. So far as I was concerned, they did not even begin to answer the arguments which were made on this side.

Mr. Hahn: I would say section 2 of Bill No. 339, if it is passed, will probably be the most important piece of legislation that this house has had the privilege of passing. I make that claim in this particular respect because I remember for so many years teaching that one of the fundamental principles of every parliament under the British empire is the control of the purse strings. From the time of King John to the time of the Westminster Act of 1911, it was a struggle for the people of Britain to try to get control of those purse strings. If there are 200 members in this house today, every one of them should be getting up here and saying, "No!", in no uncertain terms.

I feel very strongly, despite what the minister has said, Mr. Chairman, that this part of the bill should not be passed under any circumstances. I would go so far as to say that it will be possibly the darkest day of this great Liberal government about which we have heard so much—

Some hon. Members: Oh, oh.

Mr. Hahn: —if this ever does become law.

Mr. Lapointe: I will take you up on that.

[Mr. Lapointe.]

Mr. Hahn: You will possibly wish you had not taken me up on that. I will say, sir, that there is more at stake in this thing than meets the eye. Nobody is questioning the integrity of the pension commission. Nobody in this house, whether they are on this side of the house or whether they are on that side of the house feels that our pension commission is not one of the best Canada will ever have. What we are questioning is the fact that the power to grant money by order in council should be given to any government, whether it happens to be the Social Credit government we shall have some day or whether it happens to be the present Liberal government.

An hon. Member: You are spoiling your case now.

Mr. Hahn: I am not spoiling my case one little bit. I stand for one principle in this house. The people have sent me here to guard their rights. Whether or not I return here at another time is not an essential matter. I want to know that the man who is sent here to represent us will have control of the purse strings that I expect him to have. I do not except this government or any government to take it upon itself to say, "We are the masters". The power was lost to us for so many centuries until 1911 that I do not think we have the right to turn around and say to this government, "It is yours for the having, gentlemen".

Mr. Harkness: The minister devoted the major portion of his remarks to trying to refute the arguments which had been made on this side of the house as to why this is a bad piece of legislation, and as to why it would impair the independence of the Canadian pension commission. He attempted to make only one argument in favour of this change. He said that it was solely, and these are his words, to adjust the salaries from time to time; that was the only purpose for making this change. The salaries of the pension commission could be changed readily from time to time whenever there was a general change in the civil service.

I cannot see that that argument has any validity whatever. Every year for the last nine years parliament has been in session for about six months in each year. This leaves only a short period of time during which, if an increase or decrease in civil service salaries had been decided upon, the pension commission would have to wait before that increase or decrease could be made applicable to the commission. In other words, the only argument advanced in favour of this change is no argument at all. It is quite apparent that a delay of three or four months or even the full six months,

would not constitute any injustice, which it was inferred by the minister had been caused the pension commissioners in the past. The bill could be introduced and the matter submitted to the scrutiny of parliament, as it always has been in the past, and as it is in connection with judges' salaries. I think there is no question that that procedure we have used in the past should be followed in the future.

In considering veterans legislation, both in the House of Commons and in the committee on veterans affairs, the primary test applied has been this: Will it benefit the veterans? If we applied that test to this piece of legislation I do not think one member on the government side of the house would get up and say that this change will benefit the veterans. There is no benefit to the veterans involved in this matter at all; and there is a very great danger of the opposite effect. In other words, there is danger of the veteran having to suffer as a result of this legislation, because of a loss of independence on the part of the commission.

As evidenced by the brief submitted by the Legion, from which the hon. member for Vancouver-Quadra read, a large number of veterans in this country believe that a change in the method of setting the salaries of the commissioners is going to or might affect their interests. They will have less confidence in the pension commission if this goes through than they have had heretofore.

As has been pointed out by the hon. member for Greenwood no one on this side of the house has attacked the pension commission. No one on this side of the house has attacked its integrity, nor has anyone any ideas along that line. I do not know why the Minister of Veterans Affairs has introduced into this discussion something which has been described by the hon. member for Greenwood as a red herring. The matter of the integrity of the pension commission is not involved here at all. One of the chief reasons why we on this side of the house have been so insistent upon preventing the passage of this provision has been to protect the integrity of the pension commission, and to safeguard the high esteem in which they have been held by the veterans in this country, in the hope that it may continue into the future.

The Minister of Veterans Affairs referred to the method of appointment. I would ask him this question: Essentially, what difference is there between the method of appointment of members of the pension commission and the method of appointment of judges? They are both appointed by the government in power at the time. But certainly the Minister of Justice is not suggesting—and I hope he will not suggest—that the salaries of judges should be set by order in council. The only difference between the appointment of members of the pension commission and those of the judiciary is that in the one case the appointment is for ten years, or such lesser term as is provided, while in the other case—

An hon. Member: There is a big difference.

Mr. Harkness: —the appointment is made during good behaviour. They are both appointed, of course, during good behaviour.

An hon. Member: No.

Mr. Harkness: In the case of judges there can be a removal from office by an address; in the case of members of the pension commission, they can be removed by the governor in council, for cause, only. That is the only difference. But that argument, that there is a slight difference in the method of appointment, really has no bearing on the question we are considering, that of whether salaries should be set by parliament, as they have been up to this date, or whether we should turn that over as a prerogative of the government.

I would certainly hope that the government would reconsider this matter and allow the situation to remain in the satisfactory condition in which it has been ever since the pension commission has been in operation.

Mr. Noseworthy: Mr. Chairman, the only reason the minister gave, so far as I could discover, was that he did not want parliament to delay any request the government might make for increasing the salaries of the commissioners. He asked the question how we would like our indemnities to be held up for two years. I think the minister should tell us when the House of Commons held up an increase in commissioners' salaries for two years, when that request had been made by the government. If there is any such case on record, then the minister should give us the actual date of that request.

Mr. Lapointe: That is not the statement I made.

Mr. Noseworthy: The integrity of the commissioners is not questioned. What will happen is that this legislation will give the government and the minister just a little more control, a little more power over that commission. No matter how the commission acts or what decision it may make, veterans across this country will suspect that the commission is under the thumb of the governor

in council, and that it is carrying out government policy instead of the independent policy of the commission.

Mr. Diefenbaker: Mr. Chairman, I was interested in an expression used by the minister. His explanation of the reason for the legislation was a need of flexibility. I find the definition of the word "flexible" in the Concise Oxford Dictionary is this: "That will bend without breaking; pliant, easily led, manageable." I was wondering whether that is what he had in mind, because that is exactly what we have suggested—that the placing of this power in the hands of the government would make it possible for the government to exercise control. I would ask the minister this question: What has happened in the last year or so that has accelerated this demand for flexibility in the legislation? Has any member of the commission been almost lost because of a lack of flexibility? What is the reason for the haste in this legislation? What has taken place that has demanded this drastic action which, in my opinion, denies the inviolability of this institution? I think the house would listen with keen interest to the minister were he just to reveal what has happened that has placed the government in a position where it has decided that a commission that has been in existence for more than 30 years must have its constitutional background completely changed. What event has placed the government in the position of demanding this so-called flexibility?

Some hon. Members: Question.

Mr. Lapointe: I think I have already given the explanation. As I said before, it is simple. My hon. friend has referred to my use of the word "flexibility". Maybe it was not the right word; my knowledge of English is not as extensive as his. But I used it in opposition to the word "rigidity". He might read that in the dictionary, and find out what it means.

Mr. Fulton: That is a very interesting contrast which the minister suggests.

Mr. Lapointe: The contrast between Liberals and Conservatives.

Mr. Fulton: Yes; the Liberals are so flexible that they can disregard completely all principles. But the point is that the pension commission was set up on certain principles. And those principles were that, under the control of parliament—not under the control of this government—the commission should do the best possible job for the veterans. And it is that principle which we would like to see adhered to.

[Mr. Noseworthy.]

Mr. Abbott: And what does that mean?

Mr. Fulton: It means what it says. Possibly the Minister of Finance cannot understand the meaning of words. I do not think I used any word of more than four letters.

Mr. Lapointe: Four-letter words, from the comics?

Mr. Fulton: If there is any word the minister does not understand, I will be glad to explain it.

Mr. Abbott: Oh, I understand the words; I did not understand what the sentence meant, though.

Mr. Fulton: The house and country will understand very well what the sentence meant, and the principle I have in mind. The principle, of course, is that the affairs of the Canadian pension commission, including the salaries of the commissioners, shall be under the control of parliament. That is the principle which has been followed since the end of the first world war until the present time. It is a principle which the government now seeks to change by the bill before us, and in no particular is it more substantially changed than by the provision that salaries of the commissioners shall be in the gift of the government, so that parliament itself loses control to that extent over the salaries of the Canadian pension commission. The minister himself used the word "flexible". That is an interesting word. He said he used it in contrast to the word "rigidity". I suggest to him and to the government that with respect to its control over the salaries of the Canadian pension commission this parliament desires rigidly, or should desire rigidly, to insist upon its right to say what shall happen in respect to the Canadian pension commission and in respect to all affairs of the Canadian pension commission, than which of course there can be no more important aspect than the state of their salaries.

It would be interesting, Mr. Chairman, to hear from the minister in what way the affairs of the commission have been prejudiced by what I can only take from the minister's words to have been found by experience to be undue rigidity. Are the commissioners less able to look after the interests of the veterans because their salaries are rigidly fixed? Would it conduce better to the conduct of the affairs of the commission and the awarding of pensions if their salaries were to be flexible? Is that the suggestion the minister makes? I should hardly think so, and yet I would be interested to hear him explain what other interpretation we are to put upon his words.

The minister suggested a moment ago that there was some effort here to indicate that

perhaps he did not use the English language with due facility. I wish I used the French language with the same facility that the minister uses the English language; I do indeed. The minister knows fairly well that we are not seeking to catch him out. What we are trying to do is to find the meaning and the final result of the change in the statute which he himself has introduced, and he needs no quarter on account of the use of the English language.

What then does the minister mean? Does he mean that the affairs of the commission have been unduly hampered by the fact that the salaries of the commission are set by parliament? If that is not the meaning, for what reason is this bill introduced and this provision made necessary? I should like to hear the minister say how the affairs or the administration of the commission's responsibility are prejudiced by the fact that its salaries are set by parliament at the present time.

The Deputy Chairman: Is the committee ready for the question?

Mr. Fulton: Perhaps the minister did not hear my question because he was engaged in conversation at the moment with the hon. member for Winnipeg North Centre.

Mr. Lapointe: I heard the hon. member's question; I could not help hearing it. He repeated it many times in a different form. He made allusion to a statement that I was purported to have made and which I did not make in the course of my remarks.

Mr. Fulton: The minister will appreciate that I was not a member of the veterans affairs committee, owing to the fact the government has unduly restricted the size of its membership, and therefore I have not had the advantage of those previous exchanges with the minister; but I have asked him a perfectly simple question which is capable of a perfectly simple answer, if there were an answer. In what way have the activities of the commission, in the discharge of its responsibility, been unduly restricted by the fact that its salaries are set by act of parliament?

Mr. Lapointe: I never made the statement that they were.

Mr. Fulton: I am asking for an answer to the question.

Mr. Lapointe: I am answering you.

Mr. Fulton: I am sorry, the minister does not understand. I never suggested he had made that statement. I am asking him in what way would the discharge of its responsibility by the commission be impeded if the statute were not being changed? In what way would they be less better able to discharge their responsibility if we left things as they are now, instead of making this change?

Mr. Lapointe: Mr. Chairman, it has nothing to do with this clause, and my hon. friend knows it. This statute, which creates the pension commission, and gives the right to the pension commission to adjudicate on veterans pensions, like other similar statutes, has to have sections which determine how salaries are paid. That is the only amendment that is being made, and regardless of whether the amendment is passed by this chamber, or whether the present section remains, it has nothing to do with the flexibility or the rigidity that the commission might have in making awards of pensions to veterans, and my hon. friend knows it as well as I do.

Mr. Fulton: That is exactly what I have—

Mr. Lapointe: But nevertheless, Mr. Chairman, if I may continue, like any other one of these bills we must have sections that look after the administration of the body, and this is one of them.

Mr. Fulton: In what way does it look after the affairs of the public better than the present position?

Mr. Lapointe: That is a matter of opinion.

Mr. Fulton: I am asking the minister to explain. We are always open to conviction.

Mr. Abbott: You were not here earlier.

Mr. Fulton: We are always open to conviction.

Mr. Abbott: Read *Hansard* tomorrow.

Mr. Lapointe: Read *Hansard* tomorrow and you will find out.

Mr. Fulton: It is very easy to say: "Read *Hansard* tomorrow" but to say "read *Hansard* tomorrow" does not indicate that the explanation will be any more valid than it is at the moment, so far as we have had it.

Mr. Abbott: Don't answer.

Mr. Fulton: The Minister of Finance says "don't answer". That is a typical attitude of the Minister of Finance, "don't answer".

Mr. Abbott: The hon. member should have spent the evening here instead of somewhere else.

Some hon. Members: Sit down.

Mr. Fulton: Other members of the Liberal party say "sit down".

Mr. Abbott: If my hon. friend had been here and listened he would realize that the answer has been given two or three times already.

Some hon. Members: No.

Mr. Casselman: When did you come in?

Mr. Lennard: How long have you been here?

Mr. Fulton: If an answer has been given, and if the answer is a valid one, then why should the Minister of Finance be unwilling to have it repeated? But he says "don't answer" because he knows there is no valid answer. I suppose we are left with the situation as it has existed so often before, that where the affairs of veterans are concerned, as where the affairs of so many others of the Canadian people are concerned, control is to be removed from the House of Commons and from parliament and to be invested in the governor in council, the government. That may be the formula of words advanced by the government in explanation of this provision, but I assure you, sir, that it is not a satisfactory answer to us in the official opposition and will not be accepted as a satisfactory answer by the veterans and the people of this country.

Some hon. Members: Question.

Mr. Green: I have been very disappointed that we have had no word of support for this proposed change from one government supporter on the veterans affairs committee. We had the parliamentary assistant there; we had the hon. member for Spadina and we had many other leading lights from the government side of the house. And yet not one of those hon. members has stood up in this debate to try to justify this change because they know it cannot be justified.

We have had the minister stand up and try to justify it. The minister did not attend the meetings of the committee very often; he was there once or twice. There have been ministers of veterans affairs who have attended all the meetings of the veterans affairs committees. I recall that the late Right Hon. Ian Mackenzie invariably—

Mr. Lapointe: I did not think you could be so small.

Mr. Green: —attended meetings of the veterans affairs committee and took great interest in them. The present Minister of Veterans Affairs does not even bother to do that.

An hon. Member: Dirty!

Mr. Abbott: Shame!

[Mr. Fulton.]

Mr. Green: The Minister of Finance is interrupting here to give his views about what other people should do. Let him stand on his feet once in a while and make a proper interjection so we may be able to deal with him.

Mr. Abbott: He will stand on his feet when he needs to.

Mr. Green: Here we have government members who were actually on that committee and who sat in on all the proceedings and yet not one will get up on his feet to justify this change.

An hon. Member: They are ashamed.

Mr. Green: Of course they are ashamed. When the minister spoke he let the cat out of the bag.

Mr. MacDougall: A tom cat?

Mr. Green: Some cat is right. He explained why they are making the change. He wants to raise the salaries of the pension commissioners and he is adopting this method of doing so. He could very easily have written into the bill before he presented it to the house the amount he wishes to pay the pension commissioners. That has been the course that has been followed in other years. But he did not bother to do that. He wanted this flexible method of doing it through the cabinet. Members of the house will then have no control.

He then compared the pension commissioners to senior civil servants and in doing so he demonstrated his utter failure to realize the judicial nature of this pension commission. The pension commission is not an administrative body. The administrative work in the Department of Veterans Affairs is carried out by the deputy minister and his assistants. The pension commission is a judicial body but despite this fact the minister gets up in this house and attempts to compare the pension commission with senior civil servants who are doing administrative work. That is exactly where we part company with the minister on this suggestion—

Mr. Lapointe: I did nothing of the sort.

Mr. Green: —that salaries should be set by the governor in council rather than by parliament. He failed entirely to appreciate the fact that one other similar board under our governmental structure, namely the board of transport commissioners, have their salaries set by statute. Just a year or so ago we increased the salaries of the members of the board of transport commissioners, which is a body very much like the board of pension commissioners. It has a great deal of judicial

work to do and it is important, in order that the board of transport commissioners may retain the confidence of the people who appear before them, that they should be completely independent. Their salaries are set by statute and an increase was provided for them during the 1951 session. I have here chapter 22 which amended the Railway Act and which was introduced during the second session of parliament in 1951. There we find that the new section 26, subsection 1, written into the Railway Act reads as follows:

> The chief commissioner shall be paid an annual salary equal to the salary of the President of the Exchequer Court; the assistant chief commissioner shall be paid an annual salary of fourteen thousand dollars, the deputy chief commissioner shall be paid an annual salary of thirteen thousand dollars, and each of the other commissioners shall be paid an annual salary of twelve thousand dollars.

In the minister's own department there is another board similar to the pension commission which has salaries set by statute. I refer to the war veterans allowance board. The salaries of the members of that board are not set by order in council, but are written into the War Veterans Allowance Act. If that is justifiable, and I think it is, then the salaries of the board of pension commissioners should be treated in exactly the same fashion.

Once again I urge the Prime Minister and the members of the government to take a second look at this particular section. Some of them at least must realize that they are running a grave risk of weakening the standing of the Canadian pension commission in this country by making this change. Every one of them must realize that this is a derogation of the rights of parliament and that it is against the best interests of the veterans of this nation.

Some hon. Members: Question.

The Chairman: Is the committee ready for the question?

Mr. Drew: Mr. Chairman, I have listened attentively in the hope that we would have one word of explanation as to why there should be a departure from the ordinary practice of fixing the amount paid to those who will serve the people on appointment by the government in this case. But not one single reason or justification of any kind for this departure from the established practice has been put forward.

The statements that have been made have in no way answered the suggestion that the minister should tell us why this is necessary. Has any member of the board of pension commissioners said that he was going to resign because of the present salary? Is there any person about to be appointed who will not be appointed if the salaries remain as they are? These would be reasons if the minister could state that that was so. If it is not so, and there requires to be an increase, then let him say so.

But not one reason has been put forward. If the idea that the government can deal more easily with those persons under an arrangement of this kind is to be taken as a valid arrangement then is it possible that the reason we have not got the bill to amend the Judges Act before us is that the government is perhaps going to fix the salaries of the judges by order in council? Do not let the Minister of Justice laugh. This is just as much a departure from the established practice as would be the decision to fix the salaries of the judges by order in council.

We have been wondering why that bill, which was announced so long ago, is still withheld from the knowledge of members of parliament. Is that the reason? If this is such a good reason then is the government going to come before us and say they would have a chance of getting better admirals, better generals, and better air marshals if they were able to deal privately with these senior men by order in council?

An hon. Member: It would be more flexible.

Mr. Drew: It would be more flexible, there is no question about that. But the very asking of that question indicates the extent to which we would break down the authority of parliament over those senior officials who carry out the functions which are allotted to them by parliament itself.

Before we are called upon to vote on a clause of this kind, Mr. Chairman, the minister should give some explanation. No explanation of any kind has been given. There can be no possible answer to the people of Canada if we are called upon to vote in committee, as the situation stands, except that the government bit by bit is whittling away at the authority of parliament and without explanation is going to use their majority to impair the rights of parliament still further.

Mr. Castleden: Mr. Chairman, if a person looked around this house this evening and attempted to find out what all the debate was about he would probably find it in what has been said here so often, namely that the rights of members of parliament who represent the people are being infringed upon. The surest sign that the government is losing touch with the people is when it attempts to endanger the democratic processes of parliament and curtail the power of the members sent here who have as much right to

have a say in the spending of the money of the people as have the members of the government. They were not given any prior right to stand up and order the affairs of this government in the secret and quiet precincts of the cabinet.

Hon. members who recognize this measure as a threat to their rights should stand up here and protest. If they do not do so, it is only to be assumed that they agree that this is the right thing to do. Posterity is built on such things as this. In the history of democracy and its growth the story of demagogues, men who grew and obtained power because they wanted the flexibility to do things that would override democratic rights, is old. Historically when people stand up and oppose this procedure they are doing the thing that is right and are making a contribution to democracy. Members on this side of the house from end to end are going to oppose this legislation with everything they have. This government can remember that we stood up here and opposed it because we believed it was the right thing to do. The people of Canada should know that we are opposing this measure because we look upon it as a threat to the very basic and fundamental democratic principles.

Some hon. Members: Carried.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: In view of the fact that the debate has been a somewhat protracted one, perhaps I should read the question which is on the amendment of the Minister of Citizenship and Immigration. The Minister of Citizenship and Immigration moves:

That section 2 of Bill No. 339 be amended by striking out subsection 1 thereof and substituting the following:

(1) Subsection 11 of section 3 of the said act is repealed and the following substituted therefor:

(11) The chairman, deputy chairman, and other commissioners and the ad hoc commissioners shall each be paid a salary to be fixed by the governor in council, except that the salary to be paid to the ad hoc commissioners and the said other commissioners shall be fixed at the same rate.

Shall the amendment carry?

Some hon. Members: No.

The Chairman: Those in favour of the amendment will kindly rise. Those opposed to the amendment will kindly rise.

Amendment agreed to: Yeas, 82; nays, 58.

The Chairman: I declare the amendment carried. Shall clause 2 as amended carry?

Mr. Fulton: Mr. Chairman, on the clause as amended, may I say that it occurs to me that the government has at one stroke, by the very amendment which it has now forced through the committee, destroyed the whole argument against the section as amended. The Minister of Veterans Affairs, if he has attempted to advance any justification at all, —and the justification is inadequate—has suggested that the present provision of the statute is somehow or other detrimental to the affairs of the commission because it imposes an undue rigidity. Yet by the very same amendment which the government itself has now forced through the committee, it has imposed upon it the rigidity which, with respect to the whole section, it seeks to suggest is not proper, in that the government says that it will be rigidly bound with respect to the salaries of ad hoc commissioners. If it is proper to have rigidity in one branch of this matter, why is it not proper to have rigidity in the whole section and to have the salaries of all the commissioners fixed by parliament in the statute instead of by the governor in council?

Of the absurdity and the unsound nature of the government's argument in favour of forcing through this section and of imposing its will and its desire to make the pension commission the creature of the government instead of parliament, there can be no more complete illustration than the amendment which the government itself has just moved. If, Mr. Chairman, the principle of rigidity in one part of the section is appropriate and proper, then why should not the salaries of all the commissioners, including the chairman, the deputy chairman and the ad hoc commissioners, be fixed by parliament? Why should they not accept that measure of rigidity? The measure of rigidity consists only in this. If the government is prepared to go before parliament and to justify the need for an increase in the salaries of the commissioners, then it could be obtained; but without justification, if the act stood as it at present stands, of course that increase could not be obtained. Hence the only possible support or justification for the present amendment represented by this bill is that the government wishes or may wish to give increases which are not justified and which it fears to put before parliament because it knows they would not receive the approval of parliament.

I hope that the Prime Minister himself, who has come in just at this stage where the amendment moved by the Minister of Citizenship and Immigration has indicated how unfounded is this fear of rigidity, will realize that the very proposition which the government has just advanced and put through the committee indicates the unwarranted nature of the amendment represented by the whole

of section 2 as amended. Since the Minister of Veterans Affairs has unfortunately not been prepared to advance any justification for this section on the merits of the situation, now that the Prime Minister is here I hope that he himself may possibly agree that the section will be taken under consideration, that the government will be willing to think over what has been advanced from this side of the house and to bring in tomorrow a proposal which would have the result of restoring to parliament its control over the affairs of the Canadian pension commission.

Some hon. Members: Ten o'clock.

The Chairman: Shall the clause as amended carry?

Some hon. Members: No.

Mr. Fulton: In deference to the Prime Minister and in view of the suggestion I have just made, I would ask you, Mr. Chairman, to call it ten o'clock.

Mr. St. Laurent: Do not be so considerate.

Mr. Fulton: I do so in order that the right hon. gentleman may have the opportunity to think the matter over tonight.

Mr. Knowles: That is heaping coals of fire upon their heads.

The Chairman: Shall I report progress and request leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the third readings that are ready. Then we have two bills, one with reference to the Navigable Waters Protection Act and the other respecting extra-provincial motor vehicle transport, both of which we should like to take some time during the day, but we would have to fit them in to suit the convenience of hon. members. Then we will move to go into supply, taking first trade and commerce as was understood today. I hesitate to name many other departments, but we shall take national revenue and secretary of state, in that order, after we dispose of trade and commerce, then we shall take any others that there may be time for.

Mr. Rowe: What shall we do during the rest of the day?

Mr. Nowlan: Do you not plan to sit tomorrow night?

Mr. Speaker: *Votes and Proceedings* for yesterday, Monday, June 7, are to be corrected because of some clerical errors in the division list. On page 710 the word "nays" should read "yeas". On page 711 the word "yeas" should read "nays". On page 711 the name of Mr. Henderson should be inserted in the list of nays and the name of Mr. Anderson should be deleted. *Hansard* should also be corrected at page 5560 by inserting the name of Mr. Henderson in the list of nays and by deleting the name of Mr. Anderson. These are clerical errors. Is it agreed that the Clerk of the House be instructed to have the appropriate corrections made wherever they are necessary?

Some hon. Members: Agreed.

Mr. Harris: Mr. Speaker, I apologize for interrupting, but I omitted to state that after third readings tomorrow morning we will continue with this debate.

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

END OF VOLUME V